No. 24
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No. 37

117

VOLUME III

TRANSCRIPT OF RECORD

Office - Supreme Court, U.S.
FILED
MAR 21 1953
HAROLD B. WILLEY, Clerk

SUPREME COURT
OF THE
UNITED STATES

OCTOBER TERM, 1952

No.

ST. JOE PAPER COMPANY, ET AL.,
Petitioners,

vs.

ATLANTIC COAST LINE RAILROAD COMPANY
Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit.

Volume III—Exhibits

TRANSCRIPT OF RECORD

UNITED STATES
COURT OF APPEALS
FIFTH CIRCUIT

No.

In the Matter of
FLORIDA EAST COAST RAILWAY COMPANY,
Debtor.

ATLANTIC COAST LINE RAILROAD COMPANY,
Appellant,

versus

ST. JOE PAPER COMPANY, ET AL.,
Appellees.

Appeal from the United States District Court for the Southern District of Florida

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(ORIGINAL RECORD RECEIVED JULY , 1952)

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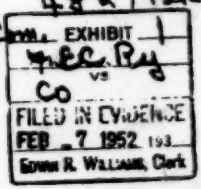
4827 Pltf. 2

Ref. Bd Comm.



EXHIBIT

Cash and Securities to be paid for F. E. C. Properties Under I.C.C. Plan

	Par or Principal Amount	Estimated Mkt. Pr.	Estimated Market Value
Cash to be contributed by A.C.L.	$ 4,000,000	100	$ 4,000,000
A.C.L. 25-Yr. First Div. 3 3/4s	14,000,000	95	13,300,000
A.C.L. Divisional Income 4 1/4s	13,500,000	80	10,800,000
A.C.L. Convertible Participating 4% Preferred	9,000,000	85	7,600,000
A.C.L. Common	6,000,000	80	4,800,000
Total	$46,500,000		$40,500,000

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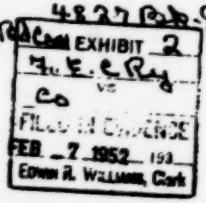
EXHIBIT 2

Ref. 4827 Docket



A.C.L. Cash and Securities Distributable to P.E.C. Refunding Bonds under I.C.C.Plan*

	Per $45 million Refunding Issue	Per $1,000 Ref. Bond	Est. Market Price	Est.Market Per $1,000 P.E.C.Bond
A.C.L. Cash	$ 4,000,000	$ 88.88	100	$ 88.88
A.C.L. First 3 3/4's	13,520,000	300.45	95	285.40
A.C.L. Income 4 1/4's	13,500,000	300.00	80	240.00
A.C.L. Conv.Part.Pfd.	9,000,000	200.00	85	170.00
A.C.L. Common	5,720,000	127.00	80	101.60
Totals	$45,740,000	$1,016.33		$885.88

*After satisfaction of $2,535,907 of unsecured claims. The amounts of A.C.L. First 3 3/4's and common stock distributable to bondholders would be increased by any deficiency judgment for unpaid interest.

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EXHIBIT 3

4827 Eq.

Ref. Eq. Case EXHIBIT 3
F.E.C. Ry
vs
Co
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EDWIN H. WILLIAMS, Clerk

Florida East Coast Ry. Co. Pro Forma Earnings on basis of St. Joe Plan Capitalization

	1947	1948	1949	1950	1951E	I.C.C.Est. of Normal
Income Avail.for Fix.Chgs. Bef.Inc. Tax (000)	$2,063	$2,492	$2,020	$2,711	$2,650	$2,300
Fixed Charges* (000)	1,085	1,085	1,085	1,085	1,085	1,085
Taxable Income (000)	$ 978	$1,407	$ 935	$1,626	$1,565	$1,215
Income Tax** (000)	370	530	355	681	782	460
Income Avail.for Fix.Chgs. After Tax (000)	$1,693	$1,962	$1,665	$2,030	$1,868	$1,840
Fixed Charges (000)	1,085	1,085	1,085	1,085	1,085	1,085
Net Income (000)	$ 608	$ 877	$ 580	$ 945	$ 783	$ 755
Fix.Chg.Cov.bef.Inc.Tax	1.90	2.28	1.86	2.46	2.42	2.10
Fix.Chg.Cov.aft.Inc.Tax	1.55	1.80	1.53	1.88	1.72	1.70
Earn/Com. Share	$2.42	$3.50	$2.32	$3.80	$3.15	$3.02

*Fixed charges as shown above include interest at 2%--the cost in excess of the yield available on short-term government bonds--on the $8,189,000 of First 4 1/2s.

**Calculated at following rates:

1947 - 38%; 1948 - 38%; 1949 - 38%;
1950 - 42%; 1951 - 50%; I.C.C. Normal - 38%.

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4827 Sub-3 EXHIBIT 4

Ref. Re Form. EXHIBIT 4
F.E.C. 1124
vs
CO
FILED IN EVIDENCE
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Bond Comparisons

Railroad	Approx. % of Gross Rev. carried thru to avail. for Fix. Chgs. 1951 E	Coverage or present (except for F.E.C.) Fixed Charges before Inc. Tax 1950	1951E	ICC Norm.	Coverage of present (except for F.E.C.) Fixed Charges after Inc. Tax 1950	1951E	ICC Norm.	Curr. Price of 1st Mtge. Bds.	Cpn. Rate
F.E.C. Pro forma on basis of St. Joe Plan	9%	2.5	2.4	2.1	1.9	1.7	1.7	?	?
St. Louis San Fran.	15	6.7	5.7	-	4.5	3.7	-	95	4½
Chi. Gt. West.	12	5.7	4.5	-	4.0	3.5	-	84	4
Miss. Kan. Texas	14	5.2	4.0	-	3.3	2.7	-	86	4
Pitts. & West Va.	20	3.6	3.4	-	3.6	2.6	-	93	4 1/2

Common Stock Comparisons

	Earned per Share 1950	1951E	ICC Norm.	Curr. Pr.	Pr. X Est. 1951 Earns.
F.E.C. Pro forma on basis of St. Joe Plan	$3.80	$3.15	$3.02	?	?
St. Louis San Fran.	5.10	3.10	-	24	7.7 times
Chi. Gt. Western	5.59	3.70	-	21	5.7 times
Pitts. & West Va.	4.25	2.50	-	23	9.2 times
Atch. Top. & S. F.	15.64	13.83	-	81	5.9 times
Union Pacific	14.80	14.50	-	112	7.7 times
Great Northern	9.11	7.74	-	51	6.6 times

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4827 Bk. 8

Ref. Bd

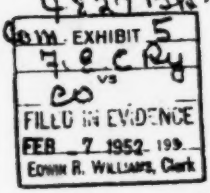

EXHIBIT 5

	Calculation of Excess Cash	
	I. C. C. Plan	St. Joe Proposal
Approximate F.E.C. Adjusted Net Current Assets	$23,000,000	$23,000,000
Deductions and Reserves		
F.E.C. First Mtge. 4 1/2s	8,189,000	8,189,000
Working Capital	1,000,000	3,500,000
Materials and Supplies	2,600,000	2,600,000
Reserve for Stations	3,000,000	-
Reorganization Exps.	800,000	800,000
Unsecured Creditors	-	940,000*
Total	$15,589,000	$16,029,000
Excess Cash distributable to Refunding Bondholders	7,411,000	6,971,000
Per $1,000 Bond	$165	$155

*This amount would be decreased by any deficiency judgment for unpaid interest.

4827 Pub-8

Pltf Fed

EXHIBIT 6

Civil. EXHIBIT 6
F. E. C. Ry
vs
FILED IN EVIDENCE
FEB 7 1952 193
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Estimated Overall Market Values
Per $1,000 F.E.C. Refunding 5% Bond
after satisfaction of unsecured claims
as provided in Plans

	I. C. C. Plan	St. Joe Bd. for Bd. Proposal $850 Price	$900 Price
Cash & Security Package Values	$ 885	$ 850	$ 900
Excess Cash from F.E.C.	165	155	155
	$1,050	$1,005	$1,055

Comm EXHIBIT
F.E.C. Ry
vs
Co
FILED IN EVIDENCE
FEB 7-1952
EDWARD W. [illegible], Clerk

Exhibit No. 7

FLORIDA EAST COAST RAILWAY REORGANIZATION

EARNINGS RATIOS AND DIVIDEND YIELDS

	Moody's 25 Railroads			ATLANTIC COAST LINE			DIVIDEND YIELD	
Year	Average Earnings	Average Price	Ratio	Earnings	Average Price	Ratio	Moody's 25 Railroads	Atlantic Coast Line
1935	0.02 d	26	(d)	$3.07 d	23	(d)	3.97%	0%
1936	1.75	38	22.22	2.33	35	15.16	2.74	2.83
1937	0.78	35	45.68	2.98	36	12.33	4.29	4.08
1938	1.29 d	20	(d)	2.26 d	22	(d)	5.29	0
1939	0.90	21	23.22	0.97	22	23.26	3.75	0
1940	1.98	20	10.18	2.21	16	7.49	5.41	0
1941	5.00	20	3.98	13.52	20	1.54	6.47	4.80
1942	9.87	19	1.91	27.47	20	.99	7.73	7.37
1943	8.86	26	2.91	21.23	32	1.52	6.93	9.32
1944	6.58	29	4.48	19.55	40	2.06	6.75	7.44
1945	4.36	40	9.16	6.71	66	9.79	5.51	5.71
1946	2.44	41	17.00	6.64	62	9.64	5.38	6.25
1947	4.22	31	7.40	7.29	50	6.82	6.16	8.04
1948	6.19	34	5.53	9.34	53	5.70	6.04	7.51
1949	3.67	29	7.78	9.40	40	4.23	8.47	10.06
1950	7.20	51	4.67	15.51	55	3.59	6.58	7.17

(d) Indicates deficit.

4827 Ex. 8
Ref. Bd.
EXHIBIT
A. E. C. Ry
vs
CO
FILED
FEB 7 1952

Railroad Common Stocks

Railroad	Earned Per Share 1951	Present Price	Price Times 1951 Earnings
Atlantic Coast Line	$15.98	82-3/4	5.2 times
Atchison, Topeka & Santa Fe	13.83	77	5.6 "
Baltimore & Ohio	6.55	18-5/8	2.9 "
Chesapeake & Ohio	4.45 (E)	34-3/8	7.7 "
Erie	4.68	18-3/4	4.0 "
Great Northern	7.74	50-3/4	6.5 "
Illinois Central	11.00 (E)	57-1/4	5.2 "
Kansas City Southern	10.42	62	6.0 "
Louisville & Nashville	9.74	53-3/4	5.5"
New York Central	2.28	19-1/4	8.5 "
Northern Pacific	6.44	59-3/8	9.3 "
Pennsylvania	2.03	18-1/2	9.1 "
Southern Railway	12.21	51-3/8	4.2 "
Southern Pacific	13.38 (E)	63	4.7 "
Seaboard Air Line	17.93	72-1/4	4.1 "
Union Pacific	14.59	112-1/4	7.8 "
Western Pacific	8.00 (E)	48-1/2	6.1 "

(E) Estimated on the basis of eleven months results.

COVERDALE & COLPITTS

Speech EXHIBIT 2-A
F.E.C. Ry
vs
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Erwin R. Williams, Clerk

REVENUE TONNAGE COMPARISONS

F.E.C. RY. VS. U.S., SOUTHERN REGION, FLORIDA AND COMPETING RAILROADS

1940 AND 1950

	1940	1950	Per cent 1950 Over 1940
TONNAGE ORIGINATED ON LINE (000)			
F.E.C. Ry.	693	1,957	182
A.C.L. R.R. (A)	12,813	24,632	92
S.A.L. Ry.	11,666	24,685	112
State of Florida, excl. F.E.C. (B)	13,523	32,107	137
Southern Region, excl. F.E.C.	133,156	223,894	68
All Class I Roads in U.S., excl. F.E.C.	1,008,728	1,352,239	34
TONNAGE TERMINATED ON LINE (000)			
F.E.C. Ry.	1,427	2,886	102
A.C.L. R.R. (A)	13,091	24,138	84
S.A.L. Ry.	11,892	24,169	103
State of Florida, excl. F.E.C. (B)	12,752	29,569	132
Southern Region, excl. F.E.C.	112,253	191,308	70
All Class I Roads in U.S., excl. F.E.C.	979,510	1,240,706	27
TOTAL TONS CARRIED (000)			
F.E.C. Ry.	1,747	4,355	149
A.C.L. R.R. (A)	20,461	38,300	87
S.A.L. Ry.	19,017	39,723	109
Southern Region, Excl. F.E.C.	233,659	397,692	70
All Class I Roads, in U.S., excl. F.E.C.	1,841,543	2,565,798	38

(A) Include Atlanta, Birmingham and Coast R.R.
(B) Carload traffic only.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States, and I.C.C. Statistics of Railways in the United States.

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COVERDALE & COLPITTS

4837 Exh. 3-A
Seaboard EXHIBIT 3-A
N. & S. C. Ry Co
vs
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EDWIN R. WILLIAMS, Clerk

FREIGHT REVENUE* COMPARISONS

1940 AND 1950

	1940	1950	Per cent Increase
	(Thousands omitted)		
Seaboard Air Line	$ 36,492	$ 109,875	201.1
Florida East Coast	6,443	17,722	175.1
Atlantic Coast Line	40,053	104,942	162.0
Central of Georgia	13,472	32,999	144.9
Southern Railway	88,592	201,941	127.9
Louisville & Nashville	85,587	176,205	105.9
Southern Region	452,811	1,098,229	142.5
All Class I Railroads	3,537,150	7,817,381	121.0

* Accounts 101 and 121.

Sources:
I.C.C. Statistics of Railways in the U.S. and A.A.R. Bureau of Railway Economics "Railway Revenues and Expenses".

COVERDALE & COLPITTS

4827 Sub. 8

Supreme EXHIBIT 4-A
F. E. C. Ry
vs
CO
FILED IN EVIDENCE
FEB - 4 1952 193_
Edwin R. Williams, Clerk

PASSENGER REVENUE* COMPARISONS

1940 AND 1950

	1940	1950	Per cent Increase
	(Thousands omitted)		
Atlantic Coast Line	$ 8,091	$ 16,524	104.2
Florida East Coast	3,094	6,118	97.7
Louisville & Nashville	6,475	12,538	93.6
Central of Georgia	1,330	2,546	91.4
Seaboard Air Line	7,526	14,027	86.4
Southern Railway	9,178	16,408	78.8
Southern Region	51,084	102,356	100.4
All Class I Railroads	417,269	813,417	94.9

* Accounts 102 and 122.

Sources:
I.C.C. Statistics of Railways in the U.S., and
A.A.R. Bureau of Railway Economics "Railway
Revenues and Expenses".

COVERDALE & COLPITTS

4827 Exhibit S-A
M. K. & T. Ry. vs
EXHIBIT S-A
FILED IN EVIDENCE
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RAILWAY OPERATING REVENUE COMPARISONS

1940 AND 1950

	1940	1950	Per cent Increase
	(Thousands omitted)		
Seaboard Air Line	$ 48,491	$ 135,537	179.5
Florida East Coast	10,749	26,890	150.2
Atlantic Coast Line	53,543	133,658	149.6
Central of Georgia	16,566	39,061	135.8
Southern Railway	105,905	239,906	126.5
Louisville & Nashville	98,002	203,017	107.2
Southern Region	545,276	1,316,647	141.5
All Class I Railroads	4,296,601	9,473,211	120.5

Sources:
I.C.C. Statistics of Railways in the U.S., and A.A.R. Bureau of Railway Economics "Railway Revenues and Expenses".

FLORIDA EAST COAST RAILWAY COMPANY

TONS OF REVENUE FREIGHT CARRIED

Year	Products of Agriculture	Animals and Products	Products of Mines	Products of Forests	Manufactures and Miscellaneous (A)	Total Carload Traffic
1940	262,657	54,105	272,084	254,355	838,259	1,681,460
1941	245,595	55,862	290,388	256,273	908,370	1,756,488
1942	776,493	56,770	750,842	291,877	1,509,038	3,390,580*
1943	1,126,854	74,052	1,594,160	301,672	2,716,371	5,825,538*
1944	1,287,892	100,079	1,104,553	343,823	2,043,300	4,879,647
1945	1,325,732	65,784	522,828	337,554	1,528,933	3,780,831
1946	1,531,989	68,800	859,149	473,559	1,715,796	4,649,293
1947	1,057,646	91,689	1,015,632	501,121	1,805,827	4,471,915
1948	1,255,521	82,114	843,334	573,488	1,693,523	4,447,980
1949	1,179,738	101,244	516,960	449,031	1,423,497	3,670,470
1950	1,121,403	111,637	869,248	586,131	1,607,568	4,295,987
Receiver's estimate for future year (B)	340,663	65,155	259,865	269,879	909,265	1,844,827
Increase 1950 over Receiver's estimate:						
Tons	780,740	46,482	609,383	316,252	698,303	2,451,160
Per cent	229	71	234	117	77	133
Increase 1950 over 1940:						
Tons	858,746	57,532	597,164	331,776	769,309	2,614,527
Per cent	327	106	219	130	92	155

(A) Includes forwarder traffic.
(B) From Exhibit 9, introduced at March 19, 1941 hearing before I.C.C. (Finance Document No. 13170)
* Includes certain strategic materials not shown in detail.

Source: F.E.C. Annual Reports to I.C.C.

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FOR REMAINDER OF PAGE

4827 Exh. 6-A

Symonds EXHIBIT 6-A
F.E.C. Ry
vs
6
FILED IN EVIDENCE
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EDWIN R. WILLIAMS, Clerk

FLORIDA EAST COAST RAILWAY COMPANY

TONS OF REVENUE FREIGHT CARRIED

	Products of Agriculture	Animals and Products	Products of Mines	Products of Forests	Manufactures and Miscellaneous (A)	Total Carload Traffic	L.C.L. Traffic	Grand Total
	262,657	54,105	272,084	254,355	838,259	1,681,460	65,636	1,747,096
	245,595	55,862	290,388	256,273	908,370	1,756,488	65,514	1,822,002
	776,493	56,770	750,842	291,877	1,509,038	3,390,580*	74,208	3,464,788
	1,126,854	74,052	1,594,160	301,672	2,716,371	5,825,538*	87,078	5,912,616
	1,287,892	100,079	1,104,553	343,823	2,043,300	4,879,647	97,303	4,976,950
	1,325,732	65,784	522,828	337,554	1,528,933	3,780,831	112,515	3,893,346
	1,531,989	68,800	859,149	473,559	1,715,796	4,649,293	130,459	4,779,752
	1,057,646	91,689	1,015,632	501,121	1,805,827	4,471,915	121,766	4,593,681
	1,255,521	82,114	843,334	573,488	1,693,523	4,447,980	99,525	4,547,505
	1,179,738	101,244	516,960	449,031	1,423,497	3,670,470	69,289	3,739,759
	1,121,403	111,637	869,248	586,131	1,607,568	4,295,987	58,518	4,354,505
future year (B)	340,663	65,155	259,865	269,879	909,265	1,844,827	79,419	1,924,246
iver's estimate:	780,740	46,482	609,383	316,252	698,303	2,451,160	-20,901	2,430,259
	229	71	234	117	77	133	-26	126
	858,746	57,532	597,164	331,776	769,309	2,614,527	-7,118	2,607,409
	327	106	219	130	92	155	-11	149

(A) Includes forwarder traffic.
(B) From Exhibit 9, introduced at March 19, 1941 hearing before I.C.C. (Finance Document No. 13170)
* Includes certain strategic materials not shown in detail.

Source: F.E.C. Annual Reports to I.C.C.

Coverdale & Colpitts
Consulting Engineers
120 Wall St., New York

BLEED THROUGH

COVERDALE & COLPITTS

4827 Eqh.
Sypesh EXHIBIT 7-A
F. E. C. Ry
vs
Co
FILED IN EVIDENCE
FEB - 4 1952 193
EDWIN R. WILLIAMS, Clerk

FLORIDA EAST COAST RAILWAY COMPANY

TONS OF REVENUE FREIGHT CARRIED
11 MONTHS ENDED NOVEMBER 30, 1950 AND 1951

	11 Months Ended 11/30/50	11 Months Ended 11/30/51	Increase	Per cent
Products of agriculture	983,681	1,158,629	174,948	17.79
Animals and products	101,263	102,330	1,067	1.05
Products of mines	803,116	1,275,394	472,278	58.81
Products of forests	525,116	600,855	75,739	14.42
Manufactures and miscellaneous (A)	1,462,141	1,619,592	157,451	10.77
Total Carload	3,875,317	4,756,800	881,483	22.75
All L.C.L. freight	53,784	53,556	228*	0.42*
Grand Total	3,929,101	4,810,356	881,255	22.43

* Decrease

(A) Includes forwarder traffic.

Source: F.E.C. Form 1306.

COVINGTON & BURLING

4827 Pltf.'s
EXHIBIT
U. S. C. Rep.
vs
No.
FILED IN EVIDENCE
FEB - 4 1952
EDWIN R. WILLIAMS, Clerk

COMPARISON OF RAIL AND TRUCK TONNAGE IN SOUTHERN REGION

1940 - 1950

Year	Rail Tonnage (A)		Truck Tonnage (B)
	Florida East Coast Railway	All Other Class I Roads Southern Region	Intercity Trucks in Southern Region
	(Thousands of Tons)		
1940	1,747	233,659	4,818
1941	1,822	299,410	6,547
1942	3,465	389,328	6,923
1943	5,913	412,680	8,963
1944	4,977	408,308	10,027
1945	5,893	390,332	9,538
1946	4,780	369,801	9,415
1947	4,594	411,647	10,836
1948	4,548	415,845	13,201
1949	3,740	515,616	15,296
1950	4,355	397,692	19,317
Per cent increase 1950 over 1940	149	70	301

(A) Revenue tons carried.
(B) Revenue tons carried by common and contract carriers.

Sources:
I.C.C. Freight Commodity Statistics, Class I Steam Railways in the U.S.;
I.C.C. Bureau of Transport Economics and Statistics, Statement Q-800.

FOLDOUTS TOO LARGE FOR FILMING

COVERDALE & COLPITTS

4577 Eq.

EXHIBIT 12-A
F.E.C. Ry
vs
CO
FILED IN EVIDENCE
FEB - 4 1952
Clerk

COMPARISON OF REVENUE PASSENGERS CARRIED

F.E.C. RAILWAY VS. COMPETING AIR LINES, WATER CARRIERS AND MOTOR ~~BUS~~ LINES

1940 - 1949

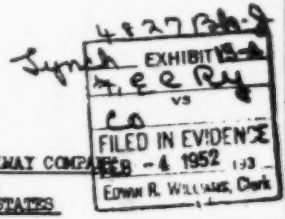
Year	Rail	Water	Bus	Air
	F.E.C. Railway	Competitive Florida Ports(A)	Competitive Motor Coach Lines(B)	Competitive Cities(C)
September, 1940				5,272
1940	629,139	496,870	2,034,369	
1941	741,983	422,103	2,453,064	
1942	1,338,955	251,729	5,006,486	
1943	2,437,286	255,458	8,284,331	
1944	2,525,109	585,402	8,254,877	
1945	2,427,302	770,557	8,564,547	
1946	1,460,950	585,559	7,535,368	
September, 1946				60,942
1947	1,160,343	351,579	7,235,951	
1948	1,036,302	637,013	7,127,273	
1949	860,781	522,905	6,312,226	
September, 1949				45,568
Per cent increase 1949 over 1940	37	5	210	764

(A) Commercial boat passengers at Jacksonville, Palm Beach, Port Everglades, Miami and Key West.
(B) Florida Greyhound Lines, Glades Motor Lines (until 1948), and Tamiami Trail Tours.
(C) Passengers to and from Jacksonville, Daytona Beach, Vero Beach, West Palm Beach and Miami.

Sources:
F.E.C. Annual Reports to I.C.C.
Annual Reports of Chief of Engineers, U.S. Army, Part 2.
I.C.C. Statement Q-750.
Civil Aeronautics Board Air Line Traffic Surveys.

FOLDOUTS TOO LARGE FOR FILMING

GOVERDALE & COLPITTS



INCREASE IN LAND IN FARMS*

COUNTIES SERVED BY FLORIDA EAST COAST RAILWAY COMPANY

VS.

STATE OF FLORIDA AND ENTIRE UNITED STATES

Counties	1940	1950	Per cent Increase 1940-1950
	(Acres)		
Duval	61,067	112,543	84.3
St. Johns	33,946	197,216	480.9
Flagler	30,786	170,435	453.6
Putnam	69,073	300,817	335.5
Volusia	263,286	210,933	-19.9
Brevard	170,939	277,842	62.5
Indian River	112,877	144,354	27.9
Okeechobee	171,620	369,783	115.4
St. Lucie	154,668	374,074	141.9
Martin	37,204	214,449	476.4
Palm Beach	80,175	392,228	389.2
Broward	77,559	139,235	79.5
Dade	70,503	94,780	34.4
Total	1,333,703	2,998,689	124.8
State of Florida	8,337,708	16,511,739	98.0
United States	1,060,852,374	1,133,418,000	6.8

* Includes considerable areas of land not actually under cultivation and some land not even used for pasture or grazing, but all such land must have been under the control of the operator and considered a part of his farm. Large areas of timberland or other non-agricultural land held by an operator of a farm as a separate business, and not used for pasture or grazing, or for any other farm purpose were excluded.

Sources:

1940 - Sixteenth Census of the United States, Vol. I, Part 3.

1950 - Preliminary 1950 Census of Agriculture, Farms, Farm Characteristics, Farm Products, Series AC 50-1; U.S. total from Series AC 50-3 No. 00 of Nov. 25, 1951.

COVERDALE & COLPITTS

4827 Eq. 5

EXHIBIT 14-A
F. E. C. Ry
vs
Co
FILED IN EVIDENCE
FEB — 4 1952 193..
Elmer H. Williams, Clerk

INCREASE IN ORANGE (A) AND GRAPEFRUIT PRODUCTION

COUNTIES SERVED BY FLORIDA EAST COAST RAILWAY COMPANY VS. STATE OF FLORIDA AND ENTIRE UNITED STATES

Counties	Field Boxes Harvested (B)		Per cent Increase
	1940 Census	1945 Census	
	(In Thousands)		
Duval	10.1	6.6	-34.6
St. Johns	3.2	52.3	1,534.4
Flagler	3.2	21.8	581.3
Putnam	218.9	583.0	166.3
Volusia	1,199.8	2,121.6	76.8
Brevard	1,051.1	2,212.2	110.4
Indian River	1,260.0	1,463.2	16.1
Okeechobee	13.2	7.2	-45.5
St. Lucie	975.4	659.7	-32.4
Martin	65.6	39.9	-39.2
Palm Beach	82.3	111.5	35.5
Broward	205.8	270.4	31.4
Dade	335.2	90.3	-73.0
Total	5,423.8	7,639.7	40.9
State of Florida	40,788.9	71,333.7	74.9
United States (C)	93,975.6	137,692.9	46.5

Source: 1940 County and State data from Vol. I, 1945 U.S. Census of Agriculture, Part 18, Florida, Statistics by Counties. 1940 United States totals from Vol. II, 1945 U.S. Census of Agriculture, United States Statistics.
1950 County data from 1950 Census of Agriculture, Farms, Farm Characteristics, Farm Products, Series AC 50-1. State and National figures are the results of summarizing data in the County series.

(A) Includes tangerines and mandarins.

(B) A field box as used in the U.S. Census for Florida contains 90 pounds of oranges, tangerines or mandarins, and 82 pounds of grapefruit.

(C) 1940 United States totals are shown in tons, converted here to equivalent Florida field boxes. 1950 County data for Texas is shown in tons, converted here to equivalent Florida field boxes.

Note: The 1940 Census figures relate to the crop harvested in 1939-40 from bloom of 1939. The 1950 census figures relate to crop harvested in 1949-50 from bloom of 1949 except for two states which reported for the previous year.

COVERDALE & COLPITTS

4827 Pltf.'s
Symark EXHIBIT 15-A
F. E. C. Ry
vs
CO
FILED IN EVIDENCE
FEB - 4 1952
Lowry R. Williams, Clerk

VALUE OF VEGETABLE CROPS (EXCLUDING POTATOES) HARVESTED FOR SALE

COUNTIES SERVED BY FLORIDA EAST COAST RAILWAY COMPANY

VS.

STATE OF FLORIDA AND ENTIRE UNITED STATES

Counties	Value of Vegetable Crops (Thousands of Dollars)			Per cent Increase Over 1940	
	1940 Census	1945 Census	1950 Census	1945	1950
Duval	$ 115.2	$ 180.0	$ 146.0	56.3	26.7
St. Johns	109.5	649.9	882.0	493.5	705.5
Flagler	73.7	178.3	306.6	141.9	316.0
Putnam	78.9	138.7	277.8	75.8	252.1
Volusia	56.4	153.6	186.4	172.4	230.5
Brevard	30.4	49.6	60.8	63.2	100.0
Indian River	155.2	437.6	682.5	181.9	339.8
Okeechobee	14.5	22.4	155.5	54.5	972.4
St. Lucie	308.9	209.5	2,692.5	-32.2	771.6
Martin	172.8	604.5	611.1	249.8	253.6
Palm Beach	5,918.0	11,386.5	13,571.8	92.4	129.3
Broward	2,267.4	5,014.8	5,638.2	121.2	148.7
Dade	1,656.5	4,240.7	6,837.1	156.0	312.7
Total	10,957.4	23,266.1	32,048.3	112.3	192.5
State of Florida	20,092.9	42,380.3	59,127.8	110.9	194.2
United States	199,526.0	576,592.9	Not Available	188.9	-

Sources: U.S. Census Tables and Preliminary 1950 Census of Agriculture, Farms, Farm Characteristics, Farm Products, Series AC 50-1.

COVERDALE & COLPITTS

EXHIBIT 17-A
F. E. C. Ry
vs
CD
FILED IN EVIDENCE
FEB - 4 1952
Edwin R. Williams, Clerk

INCREASE IN POPULATION

COUNTIES SERVED BY FLORIDA EAST COAST RAILWAY COMPANY

VS.

STATE OF FLORIDA AND ENTIRE UNITED STATES

Counties	Total Population		Per cent Increase
	1940	Jan. 1, 1951	
	(Thousands omitted)		
Duval	210.1	302.1	43.8
St. Johns	20.0	25.4	27.0
Flagler	3.0	3.5	16.7
Putnam	18.7	24.1	28.9
Volusia	53.7	75.1	39.8
Brevard	16.1	23.0	42.8
Indian River	9.0	12.3	36.6
Okeechobee	3.0	3.4	13.3
St. Lucie	11.9	20.7	73.9
Martin	6.3	7.9	25.4
Palm Beach	80.0	117.1	46.4
Broward	39.8	85.5	114.8
Dade	267.7	501.4	87.3
Total	739.3	1,201.5	62.5
State of Florida	1,897.4	2,807.1	47.9
United States	131,669.3	152,311.4	15.7

Sources:

1940 - Sixteenth Census of U.S. Vol. I.
Jan. 1, 1951 - Estimated in Sales Management's "Survey of Buying Power", May 10, 1951.

COVERDALE & COLPITTS

EXHIBIT 18-A
F. E. C. Ry.
vs
CO
FILED IN EVIDENCE
FEB - 4 1952
EDWIN R. WILLIAMS, Clerk

INCREASE IN EFFECTIVE BUYING INCOME

COUNTIES SERVED BY FLORIDA EAST COAST RAILWAY COMPANY

VS.

STATE OF FLORIDA AND ENTIRE UNITED STATES

Counties	Effective Buying Income*		Per cent Increase
	1940	1950	
	(Thousands of Dollars)		
Duval	$ 125,358	$ 387,292	208.9
St. Johns	9,359	30,328	224.1
Flagler	751	2,807	273.8
Putnam	6,402	25,426	297.2
Volusia	31,827	103,713	225.9
Brevard	8,167	27,876	241.3
Indian River	3,514	14,145	302.5
Okeechobee	1,079	3,475	222.1
St. Lucie	6,502	21,321	227.9
Martin	2,369	9,559	272.1
Palm Beach	50,514	143,448	183.9
Broward	21,605	99,864	362.2
Dade	175,047	694,439	296.7
Total	442,694	1,563,693	253.2
State of Florida	900,915	3,175,715	252.5
United States	74,182,005	199,701,012	169.2

Sources:

Sales Management's "Survey of Buying Power", 1940 data from issue of April 10, 1941 and 1950 data from issue of May 10, 1951.

EXHIBIT 19-A
A. E. C. Ry. Co.
vs
FILED IN EVIDENCE
FEB - 4 1952 193
Edwin R. Williams, Clerk

INCREASE IN RETAIL SALES

COUNTIES SERVED BY FLORIDA EAST COAST RAILWAY COMPANY

VS.

STATE OF FLORIDA AND ENTIRE UNITED STATES

Counties	Retail Sales 1940	Retail Sales 1950	Per cent Increase
	(Thousands of Dollars)		
Duval	$ 85,402	$ 309,488	262.4
St. Johns	6,622	22,270	236.3
Flagler	526	2,008	281.7
Putnam	4,637	20,470	341.4
Volusia	21,303	81,553	282.8
Brevard	5,903	21,157	258.4
Indian River	2,753	11,218	307.5
Okeechobee	835	2,945	252.7
St. Lucie	5,062	23,469	363.6
Martin	1,775	6,837	285.2
Palm Beach	39,550	160,642	306.2
Broward	17,670	117,367	564.2
Dade	151,386	665,231	339.4
Total	343,424	1,444,655	320.7
State of Florida	676,209	2,810,451	315.6
United States	45,776,285	140,317,250	206.5

Sources:

Sales Management's "Survey of Buying Power", 1940 data from issue of April 10, 1941, and 1950 data from issue of May 10, 1951.

COVERDALE & COLPITTS

4827 Eq. 7

EXHIBIT 25-A
F.E.C. Ry
vs
CO
FILED IN EVIDENCE
FEB - 4 1952
WILLIAMS, Clerk

TONNAGE OF PRODUCTS OF AGRICULTURE
ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	228	1,008	549	9,081	88,593
1941	198	1,106	643	10,044	99,975
1942	658	1,685	865	12,598	116,660
1943	925	2,311	1,270	15,036	148,046
1944	1,148	2,407	1,423	15,435	144,538
1945	1,166	2,383	1,514	16,451	158,405
1946	1,395	2,379	1,274	15,632	148,546
1947	944	1,849	1,004	15,414	157,224
1948	1,161	1,775	852	14,616	144,015
1949	1,086	1,447	735	14,058	139,297
1950	1,043	1,324	662	13,042	128,131
Per cent 1950 over 1940	357	31	21	44	45
9 Mos. ended Sept. 30, 1950	790				
9 Mos. ended Sept. 30, 1951	957				
Per cent increase	21				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

COVERDALE & COLPITTS

TONNAGE OF BANANAS
ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	241	24,846	11,963	399,021	881,286
1941	519	24,575	15,377	380,675	820,095
1942	12,448	59,063	6,335	309,958	499,416
1943	20,126	134,014	19,415	284,681	352,024
1944	25,822	34,310	45,712	552,220	645,689
1945	60,041	5,216	60,732	758,725	894,868
1946	51,623	7,760	74,085	989,449	1,134,718
1947	36,132	9,196	47,358	958,676	1,212,550
1948	12,630	8,749	19,770	626,710	1,132,984
1949	13,943	7,563	10,691	477,173	971,914
1950	2,345	6,780	6,382	453,973	1,017,202
Per cent 1950 over 1940	873	-73	-47	14	15
9 Mos. ended Sept. 30, 1950	2,279				
9 Mos. ended Sept. 30, 1951	2,268				
Per cent decrease	0.5				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

COVERDALE & COLPITTS

TONNAGE OF ORANGES AND GRAPEFRUIT ORIGINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	32,099	361,767	225,317	587,721	2,083,055
1941	48,609	455,320	287,195	743,070	2,286,998
1942	160,366	646,288	362,392	1,009,124	2,698,486
1943	184,556	945,282	593,610	1,543,241	3,328,886
1944	230,574	1,016,406	633,770	1,652,406	3,697,134
1945	184,841	709,171	449,153	1,159,681	3,496,082
1946	213,908	861,059	538,741	1,401,630	3,272,767
1947	138,067	707,917	465,156	1,174,739	3,043,796
1948	223,249	599,202	381,717	983,974	2,403,985
1949	156,668	435,257	337,360	774,685	1,594,098
1950	89,626	318,276	277,513	596,978	1,383,809
Per cent 1950 over 1940	179	-12	23	2	-33
9 Mos. ended Sept. 30, 1950	52,725				
9 Mos. ended Sept. 30, 1951	159,980				
Per cent increase	203				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF ALL OTHER FRESH FRUITS, INCLUDING FROZEN, ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	19,233	73,477	40,514	284,729	2,720,349
1941	24,385	71,606	44,466	315,421	2,873,550
1942	14,630	73,571	49,197	326,877	2,867,977
1943	15,326	51,458	48,806	227,428	2,598,289
1944	21,472	96,578	83,961	429,805	3,224,799
1945	28,388	131,660	99,194	605,227	3,623,866
1946	30,324	115,504	97,489	525,105	3,619,108
1947	21,475	100,802	93,313	450,435	3,487,403
1948	17,536	94,899	69,899	299,378	2,881,410
1949	26,017	90,003	63,945	242,546	2,691,349
1950	20,526	94,497	67,990	219,667	2,479,774
Per cent 1950 over 1940	7	29	68	-23	-9
9 Mos. ended Sept. 30, 1950	19,653				
9 Mos. ended Sept. 30, 1951	15,052				
Per cent decrease	23				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF POTATOES, OTHER THAN SWEET
Originating on F.E.C.
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	68,472	60,405	24,260	260,438	3,243,217
1941	40,859	46,759	24,140	263,546	3,253,741
1942	74,663	62,928	23,971	254,836	3,840,650
1943	67,230	100,741	25,436	361,389	5,166,379
1944	72,783	48,344	23,154	222,784	5,880,713
1945	102,638	52,936	31,786	287,640	5,504,199
1946	143,543	88,669	37,049	366,069	6,419,308
1947	55,699	40,913	28,000	219,929	5,869,209
1948	71,545	50,873	16,539	261,738	6,807,818
1949	100,905	19,541	19,544	122,103	5,060,747
1950	74,416	11,876	27,952	103,815	4,301,391
Per cent 1950 over 1940	9	-80	15	-60	33
9 Mos. ended Sept. 30, 1950	67,942				
9 Mos. ended Sept. 30, 1951	92,633				
Per cent increase	36				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF TOMATOES ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	25,644	18,486	21,490	66,299	210,342
1941	17,000	9,697	12,099	42,877	223,612
1942	32,372	18,867	15,084	57,492	287,511
1943	32,647	12,319	13,650	48,410	298,879
1944	40,744	8,523	11,463	58,427	331,675
1945	61,377	9,122	16,160	48,149	397,894
1946	66,551	8,352	16,294	49,942	414,407
1947	29,422	4,199	8,892	26,212	302,456
1948	41,448	12,106	16,211	39,787	297,003
1949	57,101	15,434	19,321	39,909	260,767
1950	48,902	14,518	16,917	34,846	228,906
Per cent 1950 over 1940	91	-21	-21	-47	9
9 Mos. ended Sept. 30, 1950	45,740				
9 Mos. ended Sept. 30, 1951	47,221				
Per cent increase	3				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF ALL OTHER FRESH VEGETABLES, INCLUDING FROZEN
ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	79,421	123,525	48,452	250,050	2,086,433
1941	62,267	114,344	43,351	236,240	2,223,635
1942	98,249	138,241	58,404	281,682	2,588,584
1943	146,347	141,280	82,636	310,793	2,961,294
1944	167,142	164,926	96,025	394,368	3,398,620
1945	178,774	190,035	122,519	464,174	3,528,800
1946	176,062	192,305	126,887	445,296	3,532,279
1947	114,803	130,477	76,641	312,018	3,474,728
1948	137,336	145,770	93,905	322,415	3,154,997
1949	141,212	126,944	93,141	294,024	2,872,155
1950	139,469	117,631	87,694	278,622	2,878,724
Per cent 1950 over 1940	76	-6	81	11	38
9 Mos. ended Sept. 30, 1950	135,144				
9 Mos. ended Sept. 30, 1951	143,864				
Per cent increase	6				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF ANIMALS AND PRODUCTS ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	3	31	14	1,263	15,453
1941	4	50	26	1,398	16,806
1942	10	76	41	1,767	20,609
1943	12	105	65	2,036	22,924
1944	8	124	112	2,261	25,405
1945	7	95	88	2,046	23,741
1946	6	60	44	1,759	21,581
1947	6	83	33	1,924	19,710
1948	6	67	30	1,653	16,859
1949	6	44	18	1,465	15,278
1950	6	41	17	1,369	14,315
Per cent 1950 over 1940	100	32	21	8	-8
9 Mos. ended Sept. 30, 1950	5				
9 Mos. ended Sept. 30, 1951	4				
Per cent decrease	20				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF PRODUCTS OF MINES
ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	62	5,197	5,232	75,913	570,158
1941	61	7,799	6,752	95,421	684,373
1942	323	10,350	9,052	120,294	798,889
1943	874	10,703	8,375	112,775	790,511
1944	565	7,241	5,155	106,583	784,700
1945	171	7,549	5,680	103,895	732,771
1946	354	9,844	8,401	105,836	717,452
1947	452	11,546	10,346	126,132	847,355
1948	270	11,048	12,124	131,295	845,369
1949	109	10,003	12,010	106,870	653,649
1950	188	12,465	14,846	129,164	746,620
Per cent 1950 over 1940	203	140	184	70	31
9 Mos. ended Sept. 30, 1950	139				
9 Mos. ended Sept. 30, 1951	225				
Per cent increase	62				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF PRODUCTS OF FORESTS ORIGINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	81	3,343	2,807	18,289	58,140
1941	85	4,133	3,125	23,510	71,455
1942	102	5,063	3,698	28,384	83,930
1943	121	5,057	3,144	26,948	80,472
1944	162	4,792	3,141	26,697	83,569
1945	157	4,834	3,154	25,955	75,447
1946	196	5,390	3,779	30,086	84,620
1947	221	5,444	3,421	29,603	86,807
1948	312	5,836	3,818	31,130	85,792
1949	213	4,874	3,357	25,216	69,045
1950	301	5,869	4,111	29,901	78,559
Per cent 1950 over 1940	272	76	46	63	35
9 Mos. ended Sept. 30, 1950	201				
9 Mos. ended Sept. 30, 1951	267				
Per cent increase	33				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

F.E.C. RY. VS. U.S., TONNAGE OF PULPWOOD ORIGINATED ON LINE SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940		1,077,377	1,833,812	5,625,534	12,268,625
1941	64	1,410,654	1,904,824	7,094,857	14,353,784
1942	73	1,836,864	2,151,929	9,358,488	17,880,835
1943	22,051	1,844,565	1,696,553	9,038,219	16,278,519
1944	74,281	1,907,782	1,790,954	10,224,136	19,576,838
1945	67,102	1,994,947	1,847,335	10,492,437	20,087,917
1946	85,888	2,012,503	2,221,146	11,048,764	21,446,529
1947	137,301	2,019,338	2,061,628	11,198,512	21,795,121
1948	220,712	2,542,377	2,553,222	14,167,484	24,740,726
1949	153,217	2,048,606	2,255,040	12,104,762	20,088,649
1950	240,806	2,642,805	2,821,759	15,056,463	24,079,068
Per cent 1950 over 1940	-	145	54	168	96
9 Mos. ended Sept. 30, 1950	156,706				
9 Mos. ended Sept. 30, 1951	207,256				
Per cent increase	32				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF MANUFACTURES AND MISCELLANEOUS ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	296	3,068	2,852	28,632	261,714
1941	353	3,839	3,392	36,666	336,230
1942	624	3,977	3,903	40,612	360,769
1943	1,450	5,200	4,919	45,386	388,571
1944	909	5,802	5,278	51,483	430,363
1945	568	5,497	5,029	50,192	411,648
1946	547	5,700	5,084	46,700	367,532
1947 (B)	553	4,882	5,002	50,259	401,714
1948 (B)	113	4,778	4,902	50,255	394,714
1949 (B)	391	4,310	4,379	43,883	334,838
1950 (B)	401	4,826	4,935	48,342	373,744
Per cent 1950 over 1940	35	57	73	69	43
9 Mos. ended Sept. 30, 1950	297				
9 Mos. ended Sept. 30, 1951	355				
Per cent increase	20				

(A) Including Atlanta, Birmingham & Coast R.R.
(B) Includes forwarder traffic.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF FOOD PRODUCTS, N.O.S., IN CARS AND PACKAGES ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	2,433	35,150	16,069	246,330	4,747,168
1941	4,591	83,979	33,848	437,003	7,062,036
1942	23,121	234,309	77,003	762,772	9,881,139
1943	45,584	372,940	123,847	1,004,808	11,273,923
1944	53,378	616,651	373,458	1,634,435	14,028,696
1945	60,031	575,460	433,367	1,767,316	15,187,995
1946	50,621	537,622	371,198	1,482,848	13,189,839
1947	38,938	370,381	266,650	1,216,105	11,990,273
1948	31,811	431,849	289,091	1,307,951	11,268,656
1949	31,751	273,985	229,464	1,092,482	9,852,674
1950	20,607	228,609	197,803	1,039,538	10,223,805
Per cent 1950 over 1940	747	550	1,131	322	115
9 Mos. ended Sept. 30, 1950	16,625				
9 Mos. ended Sept. 30, 1951	31,469				
Per cent increase	89				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF SCRAP IRON AND SCRAP STEEL
ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	5,281	79,162	72,957	967,608	12,745,552
1941	14,621	74,682	92,849	1,162,574	16,254,759
1942	22,166	150,075	128,690	1,641,047	18,605,415
1943	23,264	132,165	85,966	1,090,330	17,205,299
1944	14,196	123,124	85,677	1,002,763	16,758,830
1945	8,592	129,425	75,421	1,145,464	16,957,337
1946	11,960	72,325	61,685	896,130	14,735,815
1947	45,864	147,837	156,802	1,623,727	20,516,964
1948	51,756	217,544	210,392	2,145,352	23,813,666
1949	24,378	82,669	93,467	1,196,766	16,447,042
1950	36,764	135,652	134,232	1,589,286	21,594,686
Per cent 1950 over 1940	596	71	84	64	69
9 Mos. ended Sept. 30, 1950	25,908				
9 Mos. ended Sept. 30, 1951	47,008				
Per cent increase	81				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

COVERDALE & COLPITTS

TONNAGE OF TOTAL CARLOAD TRAFFIC ORIGINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	669	12,647	11,454	133,180	994,059
1941	700	16,926	13,939	167,040	1,208,859
1942	1,718	21,336	17,590	206,518	1,401,894
1943	3,383	23,599	17,837	206,398	1,458,931
1944	2,792	20,366	15,109	202,459	1,468,574
1945	2,069	20,359	15,465	198,539	1,402,011
1946	2,498	23,373	18,582	200,012	1,339,732
1947	2,176	23,805	19,805	223,331	1,512,809
1948	2,263	23,503	21,726	228,549	1,486,349
1949	1,804	20,678	20,499	191,492	1,212,107
1950	1,940	24,526	24,571	221,818	1,341,369
Per cent 1950 over 1940	190	94	115	67	35
9 Mos. ended Sept. 30, 1950	1,431				
9 Mos. ended Sept. 30, 1951	1,808				
Per cent increase	26				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF L.C.L. FREIGHT
ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	25	166	211	2,504	14,669
1941	22	184	240	2,942	18,069
1942	26	192	219	2,953	17,549
1943	32	223	246	3,276	18,879
1944	37	242	257	3,397	20,088
1945	45	335	265	3,533	20,788
1946	45	283	275	4,058	24,342
1947	39	246	242	3,907	22,522
1948	31	202	207	3,354	18,234
1949	20	134	130	2,364	12,372
1950	18	106	113	2,076	10,870
Per cent 1950 over 1940	-22	-36	-46	-17	-26
9 Mos. ended Sept. 30, 1950	13				
9 Mos. ended Sept. 30, 1951	13				
Per cent increase	-				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF TOTAL CARLOAD AND L.C.L. TRAFFIC ORIGINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	693	12,813	11,666	135,682	1,008,728
1941	722	17,110	14,179	169,982	1,226,928
1942	1,743	21,328	17,809	209,472	1,419,444
1943	3,415	23,822	18,083	209,674	1,477,810
1944	2,830	20,608	15,366	205,855	1,488,661
1945	2,114	20,694	15,730	202,073	1,422,799
1946	2,543	23,656	18,857	204,071	1,364,074
1947	2,215	24,051	20,047	227,239	1,535,331
1948	2,294	23,705	21,933	231,904	1,504,584
1949	1,824	20,812	20,629	193,856	1,224,679
1950	1,958	24,632	24,684	223,894	1,352,239
Per cent 1950 over 1940	183	92	112	65	34
9 Mos. ended Sept. 30, 1950	1,444				
9 Mos. ended Sept. 30, 1951	1,821				
Per cent increase	26				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

COVERDALE & COLPITTS

4827-54-9

EXHIBIT 24-A
F.E.C. Ry.
vs
Co.
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193
Edwin R. Williams, Clerk
FEB - 4 1952

TONNAGE OF PRODUCTS OF AGRICULTURE TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	42	566	504	10,341	94,064
1941	53	638	656	11,680	105,597
1942	121	1,455	892	14,850	122,955
1943	210	2,309	1,300	20,017	158,088
1944	146	2,458	1,411	19,657	154,652
1945	165	2,616	1,643	20,551	167,584
1946	144	2,453	1,155	19,064	155,694
1947	118	1,947	987	18,440	161,744
1948	101	1,887	918	17,422	147,925
1949	101	1,718	834	16,323	142,991
1950	86	1,732	724	15,531	131,167
Per cent 1950 over 1940	105	206	44	50	39
9 Mos. ended Sept. 30, 1950	50				
9 Mos. ended Sept. 30, 1951	51				
Per cent increase	2				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

COVERDALE & COLPITTS

TONNAGE OF POTATOES, OTHER THAN SWEET
TERMINATED OR LIFE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	12,753	14,805	18,220	399,816	3,413,243
1941	9,576	17,316	29,894	407,559	3,408,102
1942	28,363	47,739	64,423	523,307	4,075,463
1943	33,350	91,550	88,726	716,989	5,453,900
1944	33,112	100,495	112,023	779,714	6,260,618
1945	39,072	68,894	115,382	698,914	5,857,201
1946	28,682	54,285	95,235	681,290	6,710,169
1947	36,175	41,604	76,133	616,939	6,248,571
1948	23,821	35,281	45,653	560,133	7,221,670
1949	26,625	23,439	39,600	515,472	5,457,475
1950	14,970	18,051	42,160	443,743	4,516,399
Per cent 1950 over 1940	17	22	131	11	32
9 Mos. ended Sept. 30, 1950	4,761				
9 Mos. ended Sept. 30, 1951	4,971				
Per cent increase	4				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF ANIMALS AND PRODUCTS ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	52	113	80	1,371	15,868
1941	53	134	95	1,463	17,162
1942	48	189	146	1,843	21,198
1943	63	280	202	2,116	23,476
1944	93	311	255	2,323	26,216
1945	60	229	207	2,096	24,591
1946	64	208	141	1,801	22,208
1947	86	179	125	1,779	20,005
1948	77	140	107	1,457	17,250
1949	98	130	105	1,374	15,666
1950	109	115	105	1,322	14,675
Per cent 1950 over 1940	110	2	31	-4	-8
9 Mos. ended Sept. 30, 1950	84				
9 Mos. ended Sept. 30, 1951	82				
Per cent decrease	2				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

CONFIDENTIAL & SECURITY

TONNAGE OF MEATS, FRESH, N.O.S.
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	21,811	48,606	29,615	290,725	3,094,801
1941	22,917	62,861	34,915	338,227	3,328,122
1942	25,236	75,231	40,956	401,347	3,747,570
1943	31,836	100,319	63,668	482,839	4,030,381
1944	36,542	102,601	90,166	544,735	4,792,618
1945	29,091	69,238	75,553	435,060	4,116,984
1946	24,876	53,837	38,732	323,698	3,345,571
1947	39,072	68,391	54,198	436,674	4,110,746
1948	32,378	53,863	44,968	351,952	3,600,593
1949	27,731	60,300	48,684	349,485	3,559,644
1950	19,170	48,400	40,977	299,439	3,317,921
Per cent 1950 over 1940	-12	-0.5	38	3	7
9 Mos. ended Sept. 30, 1950	14,912				
9 Mos. ended Sept 30, 1951	11,105				
Per cent decrease	26				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF PRODUCTS OF MINES
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	268	6,638	6,068	55,048	326,379
1941	278	8,829	8,240	71,815	634,390
1942	686	10,427	10,698	88,258	730,912
1943	1,391	10,356	8,804	79,938	670,484
1944	820	7,615	6,121	73,456	657,515
1945	460	7,786	6,296	72,898	619,179
1946	804	9,804	7,869	77,473	613,502
1947	947	11,084	10,385	93,966	703,780
1948	803	10,876	11,962	96,278	701,449
1949	496	9,481	10,770	78,733	554,299
1950	836	12,143	13,636	93,056	621,573
Per cent 1950 over 1940	212	83	125	69	18
9 Mos. ended Sept. 30, 1950	629				
9 Mos. ended Sept. 30, 1951	1,029				
Per cent increase	64				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

CONFIDENTIAL & DELIBERATIVE

TONNAGE OF GRAVEL AND SAND, N.O.S.
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	48,021	1,255,540	608,613	6,432,818	32,654,177
1941	27,921	2,163,821	1,170,914	10,653,583	49,559,100
1942	104,590	2,546,940	2,635,800	16,482,020	76,519,891
1943	92,217	1,934,067	1,162,991	10,669,833	57,937,159
1944	64,917	972,843	558,519	6,174,090	38,677,621
1945	47,920	936,950	647,886	7,045,731	40,945,506
1946	107,139	1,966,766	1,176,668	10,949,983	55,686,112
1947	177,697	1,912,198	1,169,969	11,377,875	54,142,841
1948	198,264	1,667,491	1,136,835	11,479,137	54,648,499
1949	125,128	1,774,543	1,100,167	10,733,781	51,387,259
1950	211,192	2,227,004	1,300,676	12,005,273	55,244,519
Per cent 1950 over 1940	340	77	114	87	69
9 Mos. ended Sept. 30, 1950	146,665				
9 Mos. ended Sept. 30, 1951	210,049				
Per cent increase	43				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF STONE AND ROCK, BROKEN, CRUSHED AND CRUSHED
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	136,994	1,202,441	1,404,477	5,588,930	15,571,182
1941	154,204	1,895,889	2,099,607	9,208,163	25,449,920
1942	431,799	3,497,872	3,670,968	13,996,678	39,027,505
1943	1,062,322	3,256,346	3,658,064	11,304,005	30,334,163
1944	535,307	1,051,125	1,451,678	5,597,674	18,687,250
1945	304,795	990,069	1,297,403	5,584,635	20,002,318
1946	598,068	1,408,714	1,657,928	8,266,343	26,428,177
1947	640,972	1,636,185	2,469,179	12,325,462	42,162,676
1948	482,986	1,446,814	2,042,623	12,458,981	40,412,662
1949	265,743	1,270,534	2,408,254	12,312,434	42,107,915
1950	497,672	2,149,658	2,930,087	13,648,863	44,227,169
Per cent 1950 over 1940	264	79	109	144	184
9 Mos. ended Sept. 30, 1950	391,433				
9 Mos. ended Sept. 30, 1950	733,393				
Per cent increase	87				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF ASPHALT
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	16,532	87,288	51,229	671,883	5,262,524
1941	15,880	124,975	76,136	846,395	6,706,952
1942	37,678	113,698	71,553	707,492	5,935,258
1943	54,655	137,962	62,836	597,168	5,012,303
1944	22,247	64,915	95,814	579,392	5,126,036
1945	21,971	71,572	64,180	731,417	5,362,663
1946	18,409	97,256	58,901	885,609	6,329,599
1947	32,944	108,774	83,986	1,104,011	7,039,457
1948	26,870	101,096	77,810	1,106,201	6,749,341
1949	17,184	94,307	73,453	967,791	5,576,374
1950	22,311	89,667	70,191	985,789	5,619,064
Per cent 1950 over 1940	35	3	37	47	7
9 Mos. ended Sept. 30, 1950	16,310				
9 Mos. ended Sept. 30, 1951	12,451				
Per cent decrease	24				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF PRODUCTS OF FORESTS TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	233	2,159	2,355	13,608	61,619
1941	225	2,644	2,657	16,949	77,613
1942	244	3,272	3,852	21,550	90,212
1943	243	3,174	3,438	20,366	85,702
1944	270	3,168	3,674	20,324	87,024
1945	257	3,334	3,752	19,815	78,876
1946	369	3,553	4,132	22,241	88,224
1947	357	3,502	3,794	23,093	91,331
1948	349	3,961	4,450	25,423	90,390
1949	299	3,450	3,667	20,875	72,547
1950	399	3,905	4,120	24,707	84,614
Per cent 1950 over 1940	71	81	75	82	37
9 Mos. ended Sept. 30, 1950	298				
9 Mos. ended Sept. 30, 1951	329				
Per cent increase	10				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

CONFIDENTIAL & COMPETITIVE

TONNAGE OF LUMBER, SHINGLES AND LATH
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	186,394	385,416	258,373	3,794,672	23,066,758
1941	170,086	522,413	270,108	4,804,101	30,294,942
1942	174,437	825,674	488,451	6,692,929	37,442,021
1943	163,373	623,823	386,531	6,103,318	35,296,107
1944	165,309	544,213	353,406	5,409,526	33,753,569
1945	173,116	557,209	465,302	5,235,737	29,999,263
1946	272,589	544,696	504,013	5,914,670	34,838,275
1947	263,968	432,461	417,509	5,461,670	33,930,488
1948	239,795	369,281	395,848	5,062,310	33,158,419
1949	205,315	271,749	335,912	3,748,711	25,957,883
1950	255,405	330,512	361,472	4,576,886	32,044,515
Per cent 1950 over 1940	37	-14	40	21	39
9 Mos. ended Sept. 30, 1950	197,405				
9 Mos. ended Sept. 30, 1951	182,235				
Per cent decrease	8				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF MANUFACTURES AND MISCELLANEOUS TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	778	3,365	2,620	31,940	267,174
1941	779	4,753	3,518	42,158	342,972
1942	1,022	6,324	4,537	46,540	366,091
1943	1,465	7,121	5,296	50,411	395,266
1944	1,373	7,357	5,494	55,701	434,736
1945	1,182	6,290	4,986	54,554	417,070
1946	1,471	6,287	4,962	51,688	373,322
1947(B)	1,556	6,128	5,138	56,896	407,475
1948(B)	1,448	5,680	5,056	55,904	399,383
1949(B)	1,249	5,444	4,539	50,177	338,070
1950(B)	1,404	5,831	5,318	54,455	378,205
Per cent 1950 over 1940	80	73	103	71	42
9 Mos. ended Sept. 30, 1950	1,046				
9 Mos. ended Sept. 30, 1951	1,081				
Per cent increase	3				

(A) Including Atlanta, Birmingham & Coast R.R.

(B) Includes forwarder traffic.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Qharterly Freight Commodity Statistics.

TONNAGE OF PETROLEUM AND PRODUCTS ORIGINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	220,692	1,000,442	537,171	7,115,191	50,909,253
1941	228,044	1,164,280	663,870	8,025,218	55,382,836
1942	315,295	1,304,393	944,848	7,635,397	54,278,296
1943	625,222	1,170,113	853,907	5,821,805	53,873,890
1944	441,767	1,040,757	715,815	5,933,123	55,931,592
1945	225,746	815,609	524,419	5,646,863	50,819,209
1946	258,773	1,271,790	724,097	7,628,333	47,911,700
1947	264,443	1,360,647	717,812	8,497,056	48,828,679
1948	200,470	1,064,938	605,699	7,848,592	43,168,170
1949	143,718	1,086,260	576,756	6,863,890	36,287,963
1950	148,925	1,164,054	615,823	7,045,144	37,304,288
Per cent 1950 over 1940	-33	16	15	-1	-27
9 Mos. ended Sept. 30, 1950	110,823				
9 Mos. ended Sept. 30, 1951	117,640				
Per cent increase	6				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF FERTILIZERS, N.O.S. TRANSPORTED ON LINE F.E.C. RY. VS. U.S. SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	88,172	688,413	342,761	4,259,096	9,392,943
1941	90,524	857,395	413,230	5,033,252	11,761,936
1942	100,243	1,093,215	537,734	5,848,096	13,290,139
1943	139,918	1,531,027	795,108	8,021,033	16,062,543
1944	182,985	1,555,627	842,618	9,149,855	18,766,060
1945	171,089	1,661,690	892,997	8,512,899	18,790,104
1946	188,273	1,822,182	980,025	9,328,080	21,859,101
1947	119,840	1,505,703	839,790	7,787,287	18,530,135
1948	117,493	1,311,045	790,768	7,303,156	17,178,391
1949	123,809	1,448,049	790,129	7,007,227	15,690,269
1950	136,601	1,389,261	796,587	6,284,253	14,345,932
Per cent 1950 over 1940	55	102	132	48	50
9 Mos. ended Sept. 30, 1950	89,246				
9 Mos. ended Sept. 30, 1951	96,511				
Per cent increase	8				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF MANUFACTURED IRON AND STEEL TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	27,636	105,963	103,514	1,796,519	38,843,194
1941	28,578	196,797	181,268	2,620,043	52,629,922
1942	28,910	516,478	288,458	3,535,006	57,520,624
1943	24,440	753,424	352,622	3,758,555	60,842,586
1944	27,888	798,378	506,379	4,366,089	61,926,012
1945	27,218	319,367	247,750	3,366,462	52,609,944
1946	44,937	149,165	215,599	2,363,807	42,368,288
1947	56,172	144,125	193,784	2,567,876	39,005,593
1948	59,542	136,749	234,000	2,438,597	36,310,609
1949	52,130	149,880	211,741	1,957,287	27,991,710
1950	48,354	182,323	225,353	2,225,725	29,723,564
Per cent 1950 over 1940	75	72	118	24	-23
9 Mos. ended Sept. 30, 1950	37,997				
9 Mos. ended Sept. 30, 1951	38,714				
Per cent increase	2				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF CAST-IRON PIPE AND FITTINGS TERMINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	12,863	28,701	17,662	260,076	886,276
1941	8,733	52,737	26,011	381,430	1,264,788
1942	10,636	42,649	46,843	331,995	1,342,229
1943	9,122	26,060	14,543	180,733	705,077
1944	5,442	17,154	5,377	167,693	592,501
1945	9,441	15,995	21,136	213,292	665,873
1946	13,742	19,262	23,866	222,733	823,018
1947	16,372	17,411	31,466	323,778	1,195,378
1948	15,490	20,517	31,589	307,208	1,292,761
1949	9,932	8,383	20,599	221,594	989,127
1950	10,194	15,494	21,332	225,932	1,113,155
Per cent 1950 over 1940	-21	-46	21	-13	26
9 Mos. ended Sept. 30, 1950	7,213				
9 Mos. ended Sept. 30, 1951	9,480				
Per cent increase	31				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

COVERDALE & COLPITTS

TONNAGE OF MACHINERY AND PARTS AND TANKS TERMINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	4,210	19,947	17,320	220,286	2,082,829
1941	4,473	41,714	31,763	374,754	2,983,737
1942	7,801	76,572	39,175	419,774	4,096,587
1943	8,645	90,791	61,092	519,153	5,391,784
1944	9,585	92,684	65,587	573,537	5,658,490
1945	9,346	68,345	36,921	547,267	4,919,360
1946	10,424	34,268	34,696	391,404	3,602,226
1947	19,801	58,333	58,717	716,529	5,585,575
1948	16,797	43,727	51,434	636,556	5,075,045
1949	10,530	31,870	38,646	476,540	3,849,794
1950	17,298	34,223	38,572	485,930	3,689,988
Per cent 1950 over 1940	311	72	122	121	77
9 Mos. ended Sept. 30, 1950	12,022				
9 Mos. ended Sept 30, 1951	18,143				
Per cent increase	51				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

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TONNAGE OF AUTOMOBILES, PASSENGER TERMINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	10,527	35,165	28,949	281,250	2,168,489
1941	11,529	44,332	33,296	318,660	2,276,868
1942	1,836	6,855	4,306	63,486	327,757
1943	1,297	5,340	5,195	50,903	310,581
1944	1,470	6,472	3,826	55,309	234,820
1945	1,201	5,640	3,024	51,791	273,562
1946	11,161	40,011	19,734	215,718	1,522,298
1947	20,687	36,905	23,173	236,885	2,004,691
1948	23,628	33,790	23,405	218,701	1,908,325
1949	26,529	37,726	27,886	235,346	2,042,179
1950	28,919	47,312	35,156	252,055	2,242,275
Per cent 1950 over 1940	175	35	21	-10	3
9 Mos. ended Sept. 30, 1950	22,383				
9 Mos. ended Sept. 30, 1951	14,103				
Per cent decrease	37				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class 1 Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF CEMENT, NATURAL AND PORTLAND
TRANSPORTED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND CONNECTING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	155,023	314,267	251,455	2,714,074	19,504,159
1941	136,094	538,974	392,734	3,913,434	25,118,644
1942	148,050	633,727	494,334	4,568,673	28,250,161
1943	97,931	427,368	416,459	3,358,449	19,051,021
1944	89,578	224,188	166,943	2,181,905	13,252,879
1945	112,486	264,380	240,294	2,408,757	15,334,736
1946	256,666	504,087	416,870	4,014,985	24,924,722
1947	319,307	472,896	504,553	3,880,514	26,198,305
1948	315,714	446,642	555,862	4,263,051	28,730,275
1949	285,850	418,927	513,348	3,981,887	27,305,249
1950	293,624	487,382	614,387	4,407,092	28,991,067
Per cent 1950 over 1940	89	55	144	62	49
9 Mos. ended Sept. 30, 1950	236,113				
9 Mos. ended Sept. 30, 1951	204,965				
Per cent decrease	13				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

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EXHIBIT 7
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Sheet 1 of 1 Sheet

TONNAGE OF PAPERBOARD, FIBREBOARD, PULPBOARD AND WALLBOARD
ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	2,471	18,982	23,647	414,545	3,312,343
1941	2,406	30,233	29,603	554,632	4,555,861
1942	6,727	32,063	33,377	517,105	4,520,977
1943	3,889	37,404	22,397	595,398	4,910,366
1944	4,689	31,398	22,489	620,420	5,097,360
1945	7,871	43,586	29,473	643,946	5,275,270
1946	4,950	46,715	39,051	616,485	5,261,478
1947	40,248	99,536	127,595	1,118,739	8,071,536
1948	54,110	139,106	174,618	1,433,799	9,429,229
1949	41,196	144,433	134,633	1,347,167	8,104,070
1950	54,830	179,795	134,876	1,600,842	9,984,214
Per cent 1950 over 1940	2,119	847	470	286	201
9 Mos. ended Sept. 30, 1950	41,301				
9 Mos. ended Sept. 30, 1951	42,468				
Per cent increase	3				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF BUILDING PAPER AND PREPARED ROOFING MATERIAL TERMINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	6,596	32,758	29,956	319,695	1,479,231
1941	10,339	49,821	39,791	422,034	2,021,284
1942	16,028	68,356	57,190	537,002	2,514,652
1943	14,235	59,065	54,070	490,144	2,367,056
1944	14,464	49,877	50,020	526,780	2,627,506
1945	18,150	56,001	58,362	565,532	2,775,809
1946	24,205	70,962	71,984	683,213	3,276,871
1947	36,973	108,963	98,397	926,881	4,021,773
1948	32,695	97,058	100,815	837,904	3,236,197
1949	27,715	64,078	72,324	535,537	2,089,361
1950	31,560	78,294	85,370	631,546	2,541,878
Per cent 1950 over 1940	376	139	185	98	72
9 Mos. ended Sept. 30, 1950	21,771				
9 Mos. ended Sept. 30, 1951	22,617				
Per cent increase	4				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF BEVERAGES
TERMINATED ON LINE
F.E.C. RY. VS. U.S. SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	19,334	26,727	48,649	276,312	2,669,363
1941	24,256	48,054	81,227	450,611	3,306,105
1942	38,529	101,782	130,708	762,271	4,707,408
1943	48,549	152,608	164,245	1,012,696	5,706,942
1944	60,176	186,485	184,272	1,275,595	6,913,519
1945	75,762	182,169	189,309	1,480,230	7,662,291
1946	77,073	153,742	157,816	1,081,734	6,791,347
1947	69,730	130,532	151,240	1,043,498	6,918,658
1948	63,098	114,184	138,157	962,400	6,404,736
1949	50,734	106,389	136,082	852,267	5,565,218
1950	51,067	105,186	142,123	818,488	5,182,677
Per cent 1950 over 1940	164	294	192	196	94
9 Mos. ended Sept. 30, 1950	39,774				
9 Mos. ended Sept. 30, 1951	40,377				
Per cent increase	2				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

COVERDALE & COLPITTS

TONNAGE OF SUGAR
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	6,673	26,996	15,214	745,970	4,734,159
1941	15,201	36,438	26,550	950,677	5,573,415
1942	23,581	59,931	46,832	886,567	5,350,163
1943	29,490	111,723	103,644	1,085,064	6,399,721
1944	23,097	120,611	96,125	1,240,366	5,895,704
1945	23,591	78,342	69,429	1,030,112	5,078,394
1946	8,558	61,803	37,525	891,202	4,317,853
1947	9,638	68,544	63,498	1,292,702	6,562,703
1948	26,287	75,685	75,687	1,225,473	5,878,938
1949	23,898	66,470	61,749	1,139,108	5,671,409
1950	23,458	65,810	64,637	1,138,392	5,807,804
Per cent 1950 over 1940	251	144	325	53	23
9 Mos. ended Sept. 30, 1950	21,917				
9 Mos. ended Sept. 30, 1951	21,884				
Per cent decrease	-				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF FOOD PRODUCTS, N.O.S., IN CANS AND PACKAGES
TERMINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
1940	8,370	26,043	33,531	413,280	4,895,962
1941	12,036	59,498	74,401	682,098	7,259,249
1942	27,345	152,438	134,705	1,097,008	10,249,897
1943	39,169	271,193	208,512	1,414,787	11,922,418
1944	36,553	299,752	298,598	1,713,420	14,373,771
1945	44,272	332,507	338,514	2,004,661	15,836,307
1946	43,769	180,510	196,775	1,548,976	13,242,802
1947	50,786	162,740	183,760	1,505,763	12,199,595
1948	63,789	161,658	180,139	1,465,078	11,453,870
1949	53,800	148,932	158,809	1,331,569	9,988,266
1950	53,557	166,488	183,856	1,479,154	10,374,538
Per cent 1950 over 1940	640	639	548	358	112
9 Mos. ended Sept. 30, 1950	40,365				
9 Mos. ended Sept. 30, 1951	35,132				
Per cent decrease	13				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

[illegible]

TONNAGE OF TOTAL CARLOAD TRAFFIC
[illegible] OF LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	1,372	12,842	11,627	112,308	965,105
1941	1,388	16,997	15,166	144,066	1,177,735
1942	2,126	21,850	20,180	173,786	1,337,202
1943	3,383	23,546	19,217	176,510	1,365,321
1944	2,702	20,908	16,995	171,462	1,360,143
1945	2,124	20,255	16,885	169,914	1,307,300
1946	2,851	22,306	18,258	172,268	1,252,952
1947	3,065	22,840	20,429	194,172	1,384,334
1948	2,779	22,544	22,492	196,483	1,356,396
1949	2,243	20,223	19,915	167,482	1,123,572
1950	2,832	23,926	23,966	189,121	1,230,233
Per cent 1950 over 1940	106	86	106	68	27
9 Mos. ended Sept. 30, 1950	2,107				
9 Mos. ended Sept. 30, 1951	2,572				
Per cent increase	22				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF L.C.L. FREIGHT ORIGINATED ON LINE
F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	54	250	265	2,514	14,406
1941	57	298	312	2,938	17,694
1942	60	351	298	3,041	17,230
1943	73	405	339	3,400	18,565
1944	82	419	349	3,391	19,831
1945	92	433	379	3,745	20,359
1946	113	485	419	4,459	23,891
1947	109	438	386	4,246	21,896
1948	91	360	341	3,632	17,722
1949	63	256	245	2,587	12,264
1950	54	212	203	2,187	10,472
Per cent 1950 over 1940	-	-15	-24	-13	-27
9 Mos. ended Sept. 30, 1950	39				
9 Mos. ended Sept. 30, 1951	38				
Per cent decrease	3				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

TONNAGE OF TOTAL CARLOAD AND L.C.L. TRAFFIC ORIGINATED ON LINE F.E.C. RY. VS. U.S., SOUTHERN REGION AND COMPETING RAILROADS

	F.E.C. Ry.	A.C.L. R.R. (A)	S.A.L. Ry.	Southern Region Excluding F.E.C.	All Class I Roads in U.S. Excluding F.E.C.
	(Thousands of Tons)				
1940	1,427	13,091	11,892	114,821	979,510
1941	1,444	17,295	15,478	147,005	1,195,43[illegible]
1942	2,186	22,201	20,478	178,827	1,374,432
1943	3,456	23,951	19,556	179,911	1,384,086
1944	2,784	21,326	17,303	175,053	1,379,974
1945	2,217	20,688	17,264	173,658	1,327,658
1946	2,963	22,791	18,677	176,728	1,276,843
1947	3,173	23,278	20,816	198,419	1,406,191
1948	2,870	22,903	22,833	200,115	1,374,118
1949	2,306	20,480	20,160	170,069	1,135,836
1950	2,886	24,138	24,169	191,308	1,240,706
Per cent 1950 over 1940	102	84	103	67	27
9 Mos. ended Sept. 30, 1950	2,146				
9 Mos. ended Sept. 30, 1951	2,611				
Per cent increase	22				

(A) Including Atlanta, Birmingham & Coast R.R.

Sources: I.C.C. Freight Commodity Statistics, Class I Steam Railways in the United States;
F.E.C. Quarterly Freight Commodity Statistics.

4827 Exhibit 27-A
FTC Docket
vs
CD
FILED IN EVIDENCE
FEB - 4 1952
EDWIN R. WILLIAMS, Clerk

	REVISED BASIS				
	947	1948	1949	1950	1951 (E)
Railway o	54,334	$28,653,199	$25,902,147	$26,890,358	$29,831,967
Reallocat	04,135	+136,227	+148,085	-388,447	
Estimated	82,000				
Adjusted	50,469	28,789,426	26,050,232	26,501,911	29,831,967
Railway o	83,284	23,897,809	21,803,994	22,364,810	24,072,081
Deferre	17,287	-281,238			
New ra	94,453	-564,363	-1,018,615	-1,528,748	-156,513
Normal	21,638	+221,638	+221,638	+221,638	+221,638
Okeecho	70,338	+6,955	+38,203	-4,867	-20,025
Nonrecu					-140,064
Increas	38,000				
Estima	83,165	-183,165	-183,165	-183,165	-175,000
Adjusted	01,679	23,097,636	20,862,055	20,869,668	23,802,117
Net reve	71,050	4,733,390	4,098,153	4,525,548	5,759,886
Adjusted	48,790	5,691,790	5,188,177	5,632,243	6,029,850
Net adju	77,740	936,400	1,090,024	1,106,695	269,964
Net incom					
Federa	96,540	2,036,174	1,411,329	1,366,103	2,637,358
Plus n	77,740	936,400	1,090,024	1,106,695	269,964
Adjusted					
Federa	74,280	2,972,574	2,501,353	2,672,798	2,907,322

REVISED BASIS
$3,195,763
2,949,402
3,091,170
3,060,529
2,693,824
2,765,512
2,885,665

al

Coverdale & Colpitts
Consulting Engineers
120 Wall St., New York

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BE FILMED

FLORIDA EAST COAST RAILWAY COMPANY
Scott M. Loftin and John W. Martin, Trustees

4827 Bk. 9

EXHIBIT 894
F. E. C. Ry
vs
Co
FILED IN EVIDENCE
FEB - 4 1952
EDWIN R. WILLIAMS, Clerk

GENERAL BALANCE SHEET - DECEMBER 31, 1951

ASSET SIDE

	INVESTMENTS			
701	Road and equipment property		$ 96,062,803.99	
702	Improvements on leased property		20,655.52	
702-B	Donations and grants		1,112,461.95-Cr.	
702-C	Accrued depreciation - Road		3,028,391.53-Cr.	
702-D	Accrued depreciation - Equipment		11,696,982.64-Cr.	
702-F	Accrued amortization of defense projects-Equipment		1,538,847.69-Cr.	
704	Capital and other reserve funds		2,006,854.43	
705	Miscellaneous physical property		277,316.53	
706	Investments in affiliated companies:			
	(a) Stocks		882,040.66	
	(b) Bonds		187,001.00	
	(d) Unsecured notes		188,449.13	
	(e) Investment advances		792,061.90	
707	Other Investments:			
	(a) Stocks		118,635.72	
	(c) Other secured obligations		177,999.34	
	(e) Investment advances		20,705.78	
		TOTAL		$ 83,357,840.19
	CURRENT ASSETS			
708	Cash		$ 5,580,321.72	
709	Temporary cash investments		12,000,000.00	
711	Special deposits		350,434.86	
712	Loans and bills receivable		33,241.56	
714	Balances receivable from agents and conductors		301,914.58	
715	Miscellaneous accounts receivable		1,184,568.47	
716	Material and supplies		3,787,514.82	
717	Interest and dividends receivable		48,260.81	
718	Accrued accounts receivable		186,662.49	
719	Other current assets		22,250.59	
		TOTAL		$ 23,495,169.90
	DEFERRED ASSETS			
720	Working Fund advances		$ 7,697.69	
722	Other deferred assets		169,053.20	
		TOTAL		$ 176,750.89
	UNADJUSTED DEBITS			
723	Prepayments		$ 124,582.53	
725	Discount on funded debt		1,452,869.35	
727	Other unadjusted debits		94,173.33	
728	Securities issued or assumed-Unpledged	$ 3,811,000.00		
		TOTAL		$ 1,671,625.21
		GRAND TOTAL		$ 108,701,386.19

COPY BOUND CLOSE IN CENTER

FLORIDA EAST COAST RAILWAY COMPANY
Scott M. Loftin and John W. Martin, Trustees

GENERAL BALANCE SHEET - DECEMBER 31, 1951

LIABILITY SIDE

	STOCK			
751	Capital Stock (common)		$ 37,500,000.00	
		TOTAL		$ 37,500,000.00
	LONG TERM DEBT			
755	Funded Debt unmatured		$ 53,189,000.00	
	Actually issued	$57,000,000.00		
	Nominally outstanding	3,811,000.00		
756½	Equipment obligations		5,146,247.41	
757	Amounts payable to affiliated companies		1,900,000.00	
		TOTAL		$ 60,235,247.41
	CURRENT LIABILITIES			
759	Traffic and car-service Balances - Cr.		$ 478,377.67	
760	Audited accounts and wages payable		1,569,643.08	
761	Miscellaneous accounts payable		498,978.89	
762	Interest matured unpaid		98,657.46	
764	Unmatured interest accrued		32,308.34	
766	Accrued accounts payable		583,265.06	
767	Taxes accrued		1,228,433.38-Dr.	
768	Other current liabilities		311,857.65	
		TOTAL		$ 2,344,654.77
	DEFERRED LIABILITIES			
769½	Interest in default		$ 54,353,290.45	
770	Other deferred liabilities		665,132.64	
		TOTAL		$ 55,018,423.09
	UNADJUSTED CREDITS			
778	Other unadjusted credits		$ 240,690.66	
779	Accrued depreciation-Leased property		117.61	
		TOTAL		$ 240,808.27
	SURPLUS			
784	Unearned surplus		$ 81.20	
786	Earned surplus - Unappropriated		46,637,828.55-Dr.	
		TOTAL		$ 46,637,747.35-Dr.
		GRAND TOTAL		$ 108,701,386.19

Accounting Department,
Saint Augustine, Florida,
January 31, 1952.

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE SOUTHERN DISTRICT OF FLORIDA.

In Reorganization For the Benefit of Creditors

COPY BOUND CLOSE IN CENTER

,C.L.R.R.Co.Exhibit No. 1
Sheet 1 of 3 Sheets

Inc
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4827 Bkr-9

C.R.I.&P.RR. EXHIBIT 1
T.E.C.Ry
vs
CO.
FILED IN EVIDENCE
FEB - 6 1952 193
Edwin R. Williams, Clerk

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Line		
1	Railway operating rev	
2	Freight	,373
3	Passenger	,346
4	Mail	,342
5	Express	,297
6	All other	,609
7	Total railway o	,967
8	Railway operating ex:	
9	Maintenance of way	,052
10	Maintenance of equi	,492
11	Transportation-Rail	,756
12	Traffic, Miscellane	,781
13	Total railway o	,081
14	Railway tax accruals:	
15	Federal income	
16	Payroll	,966
17	All other	,697
18	Total railway t	,663
19	Equipment and joint t	,386
20	Net railway operating	,837

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4827 Page 3

ACSRR EXHIBIT 4
F.E.C. Ry.
vs
Co.
FILED IN EVIDENCE
FEB 7 1952
EDWIN R. WALLACE, Clerk

FLORIDA EAST COAST RAILWAY COMPANY REORGANIZATION

Fair Market Value of Atlantic Coast
Line Railroad Company Common Stock

Atlantic Coast Line Railroad Company has ascertained the market price range of the Atlantic Coast Line Railroad Company common stock for each month or the years 1949, 1950 and 1951 and has calculated averages which reflect the volume of the transactions. The resulting average for each of the three years is substantially the same as the average shown on St. Joe Paper Company Exhibit V, the difference not exceeding eight one-hundredths of a point in any one of the three years.

The New York Stock Exchange uses the following formula in finding the value or a stock dividend to be charged to surplus and credited to capital account:

(a) Obtain the "mean" between the high and low price for each of the 12 preceding months and obtain a "straight" average of the 12 "means"; or

(b) Take the monthly "means" as determined above for each of the 12 preceding months, multiply the first or earliest "mean" by one, the second by two, etc., and the latest by twelve, and divide the product by 78, thus obtaining the "weighted" average.

The Securities Exchange Commission advises that it has modified the New York Stock Exchange's formula by requiring or suggesting the use of the "mean" of the "straight" and "weighted" averages.

The Atlantic Coast Line has calculated that the "straight" average for the 12 months of 1951 was 71.6406 and the "weighted" average was 71.7780. These figures can be compared with the average of 71.72 shown on St. Joe Paper Company's Exhibit V.

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193
1952
MS, Clerk

A.C.L.R.R.Co.Exhibit No. 5
Sheet 1 of 2 Sheets

	9	1950	1951	Total
Total Cash Maintenance:				
Actual (Line 9,Sheets 2-6,Ex.	918	$ 8,728,409	$ 8,189,289	
Recomputed on Basis of ACL Cent				
per:				
(a) Dollar of Op. Revs.(1)	828	8,163,913	9,647,658	
(b) Dollar of Op. Exps.(2)	615	8,446,328	9,642,607	
Difference (Recomputation (a)):				
Actual total larger by		564,496	-	$ 1,290,636
Actual total smaller by	910	-	1,458,369	8,714,596
				$ 7,423,960
Difference (Recomputation (b)):				
Actual total larger by	303	282,081	-	$ 770,779
Actual total smaller by		-	1,453,318	5,141,101
				$ 4,370,322
Total Cash Maintenance:				
Actual (Line 9,Sheets 2-6,Ex.	333	$40,583,148	$51,507,055	
Recomputed on Basis of FEC Cent				
per:				
(a) Dollar of Op. Revs.(1)	960	43,385,425	43,715,521	
(b) Dollar of Op. Exps.(2)	523	41,938,569	43,745,262	
Difference (Recomputation (a)):				
Actual total larger by	373	-	7,791,534	$42,138,376
Actual total smaller by		2,802,277	-	6,351,994
				$35,786,382
Difference (Recomputation (b)):				
Actual total larger by		-	7,761,793	$27,260,998
Actual total smaller by	190	1,355,421	-	3,668,089
				$23,592,909

Explanatory Notes:
(1) For years 1943-50 t
(2) For years 1943-50 t

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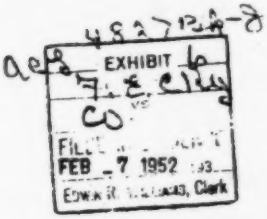

ACL R. R. Co. Exhibit NO. 6

Sheet 1 of 1 Sheet

COMPARISON OF MODIFICATIONS SUGGESTED IN FLORIDA EAST COAST RY. CO. INCOME AVAILABLE FOR FIXED CHARGES AND FEDERAL INCOME TAXES
YEAR 1951

Reported by Trustees		$ 2,637,358
Deduction Suggested by ACL:		
Interest on time deposits	$ 95,778	
Interest on tax refund	153,340	
	$ 249,118	
Less: Reorganization expense	30,955	$ 218,163
Addition Suggested by Lynch Interests:		
Okeechobee Branch retirement	$ 20,025	
P & O Dock repairs, etc.	140,064	
Deisel savings	175,000	
	$ 335,089	
Less: Rail adjustment - net	65,125	$ 269,964

FLORIDA EAST COAST RAILWAY COMPANY

Averages of Earnings Available for Fixed Charges and Federal Income Taxes

1950 - 1951 Average

1950	$2,276,807.	(1)
1951	2,419,195.	(1)
Average	$2,347,601	

1947 - 1951 Average

1947	2,063,897.	(2)
1948	2,492,191.	(2)
1949	2,020,970.	(2)
1950	2,276,007.	(1)
1951	2,419,195.	(1)
Average	$2,234,452.	

1946 - 1951 Average

1946	3,815,197.	(2)
1947	2,063,897.	(2)
1948	2,492,191.	(2)
1949	2,020,970.	(2)
1950	2,276,007.	(1)
1951	2,419,195.	(1)
Average	$2,431,243.	

Explanatory notes:

(1) As shown by ACL R. R. Co. Exhibit No. 1.

(2) As shown in Commission's Fifth Supplemental Report.

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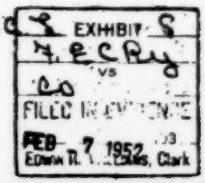

4827 Eq. -2

ACL R. R. Co. Exhibit No. 8

Sheet 1 of 1 Sheet

CALCULATION OF APPROXIMATE AMOUNT OF CASH WHICH THE HOLDERS OF THE FLORIDA EAST COAST RY. CO. FIRST AND REFUNDING MORTGAGE 5% BONDS WOULD HAVE RECEIVED IN ADDITION TO THE $4,000,000 CASH PAYABLE BY ATLANTIC COAST LINE R. R. CO.), IF THE FOURTH PLAN HAD BEEN CONSUMMATED AS OF DECEMBER 31, 1951

As of December 31, 1951, Exhibit 28(a):		
Current assets (Accounts 708-719)		$ 23,495,169.90
Add: Account 794		2,006,854.43
		$ 25,502,024.33
Less: Current liabilities		2,344,654.77
Net Total		$ 23,157,369.56
Adjustments in respect of cash items in accounts 722, 727, 770 and 778 - deduct		232,000.00 (1)
Adjusted total		$ 22,925,369.56
Deductions: (2)		
Reorganization expenses	$ 800,000.	
Reserves for stations	3,000,000.	
Material & supplies	2,600,000.	
Working capital	1,000,000.	
First Mortgage Bond	8,189,000.	15,589,000.00
		$ 7,336,369.56

Explanatory Notes:

(1) This is estimated amount as of December 31, 1951, supplied by Trustees.

(2) No deduction made for any cash payable in settlement of unsecured claims totaling $148,488.71, as amount involved would be relatively insignificant.

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A.C.L.R.R.Co.Exhibit No. 9
Sheet 1 of 7 Sheets

4837 Eq. 9

EXHIBIT 9
7 E C Ry
vs
Co
FILED IN CLERK'S OFFICE
FEB 7 1952 193
EDWIN R. WILLIAMS, Clerk

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	ture "Normal" Year deral Income Tax at 42%	52%
The Commission's Unificati		
Contribution of FEC Cr	44.25	$ 40.83
Earnings of FEC Credit	45.67	43.78
The Commission's Hypotheti (See sheet 5)		
Contribution of FEC	36.85	$ 34.12
Earnings of FEC Cre	36.85	34.12
The St. Joe Paper Co. Pla:		
Ratable Distribution:		
Contribution	35.50	$ 32.44
Earnings	35.50	32.44
Creditors Receiving A		
Contribution	35.50	$ 32.44
Earnings	40.00	40.00
Creditors Receiving a		
Contributions	35.50	$ 32.44
Earnings	31.90	26.40

(1) At inco

NOTE: THE
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In the Matter of)
)
FLORIDA EAST COAST RAILWAY COMPANY,) No. 4887-J
)
Debtor)

EXHIBIT 10

FILED
FEB - 7
EDWIN H. WILLIAMS, Clerk

NOTICE

PLEASE TAKE NOTICE that, to confirm and evidence the adoption by Atlantic Coast Line Railroad Company of the Plan of Reorganization of the Debtor certified to the United States District Court for the Southern District of Florida by the Interstate Commerce Commission on or about November 7, 1951, Atlantic Coast Line Railroad Company is filing the following, copies of which are attached:

A. Excerpt, duly certified by F. D. Lemmon, Secretary, Atlantic Coast Line Railroad Company, from the minutes of a special meeting of the Board of Directors of Atlantic Coast Line Railroad Company held on November 15, 1951.

B. Excerpt, duly certified by F. D. Lemmon, Secretary, Atlantic Coast Line Railroad Company, from the minutes of a special meeting of the Board of Directors of Atlantic Coast Line Railroad Company held on December 20, 1951.

Copy, duly certified by F. D. Lemmon, Secretary, Atlantic Coast Line Railroad Company, of Notice and Proxy Statement issued in connection with a special meeting of stockholders of Atlantic Coast Line Railroad Company held on January 15, 1952, mailed to each stockholder of record at the close of business on December 31, 1951.

D. Copy, duly certified by F. D. Lemmon, Secretary, Atlantic Coast Line Railroad Company, of Proxy issued in connection with a special meeting of stockholders of Atlantic Coast Line Railroad Company, held on January 15, 1952, mailed to each stockholder of record at the close of business on December 31, 1951.

E. Copy, duly certified by F. D. Lemmon, Secretary, Atlantic Coast Line Railroad Company, of the minutes of a special meeting of stockholders of Atlantic Coast Line Railroad Company held on January 15, 1952.

By virtue of the adoption of said Plan Atlantic Coast Line Railroad Company will be bound by any Orders of the Court with respect to said Plan, but does not waive any right to apply for a modification or amendment of, or any other right or remedy with respect to, any such Order.

Dated, January 28, 1952.

Charles Cook Howell
Charles Cook Howell

Edward W. Bourne
Edward W. Bourne

of Counsel

Howell and Howell
HOWELL AND HOWELL

ALEXANDER & GREEN
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New York 5, N. Y.

Attorneys for Atlantic Coast Line Railroad Company

TO:

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OR COPY

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Attorneys for Jessie Ball duPont, Elbert Dent,
Edward Ball and The Florida National Bank
of Jacksonville, as Testamentary Trustees of
the Trust Estate created by the Last Will and
Testament and Codicils of Alfred I. duPont

OOR COPY

The Chairman referred to the Sixth Supplemental Report, dated October 25, 1951, and the accompanying Order, in Florida East Coast Railway Company Reorganization, by which the Interstate Commerce Commission modified the plan of reorganization approved by the said Commission in its Fifth Supplemental Report and accompanying Order, dated July 12, 1951, and approved said plan as so modified. Mr. C. McD. Davis, President, then reviewed the Commission's Sixth Supplemental Report and the accompanying Order and stated that on November 9, 1951, the Commission had certified the approved plan to the United States District Court for the Southern District of Florida. Mr. Davis recommended that the Board adopt said plan of reorganization of the Florida East Coast Railway Company as certified by the Commission and authorize the proper officers of this Company to take the appropriate steps to secure the assent of the stockholders of this Company at such time as such officers deem appropriate.

Whereupon, after full discussion, it was, on motion, duly made and seconded, unanimously

RESOLVED, that this Board hereby adopts the plan of reorganization of Florida East Coast Railway Company which was certified by the Interstate Commerce Commission to the United States District Court for the Southern District of Florida on or about November 9, 1951, and authorizes the proper officers of this Company to take the appropriate steps to secure the assent of the stockholders of this Company at such time as such officers deem appropriate.

I, F. D. Lemmon, Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N.Y., on November 15th, 1951, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 28th, 1952

F. D. Lemmon

Secretary.

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The President referred to the adoption by this Board at its meeting on November 15th, 1951, of the plan for acquisition by this Company of the properties of the Florida East Coast Railway Company as approved by the Interstate Commerce Commission in its Fifth Supplemental Report and accompanying Order, dated July 12th, 1951, as modified by its Sixth Supplemental Report and accompanying Order, dated October 25th, 1951, and authorization by the Board at said meeting for taking of the appropriate steps to secure the assent of the stockholders of this Company at the time deemed appropriate by the officers of the Company. The President then stated that he, with the Chairman of the Board, had issued directions that a special meeting of the stockholders of the Company be held in Richmond, Virginia, at 10:00 o'clock A. M., January 15th, 1952, so that there shall be submitted to the stockholders a proposal for acceptance of and assent to the above mentioned Plan of Reorganization of the Florida East Coast Railway Company.

He then requested that the Board approve the action of the officers, as above reported, for the holding of a special meeting of the stockholders of the Company on January 15th, 1952, for the purpose as aforesaid.

After discussion by the Board, the full membership thereof being present and voting, the following preambles and resolutions were unanimously adopted:

WHEREAS, the Interstate Commerce Commission, by its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, has approved a Plan of Reorganization of the Florida East Coast Railway Company;

WHEREAS, this Board of Directors considers that said Plan of Reorganization is in the best interests of the stockholders of this Company and does now recommend that the stockholders accept said Plan and assent to the acquisition thereunder by this Company of the properties of the Florida East Coast Railway Company and authorize the Board of Directors to consummate such Plan, when confirmed by the Court, and to issue such securities, make such cash payment and take such other action as may be required and necessary;

Now, therefore, be it

RESOLVED, that this Board does hereby authorize and approve the call for a Special Meeting of the stockholders of Atlantic Coast Line Railroad Company to be held at the office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, on Tuesday, January 15th, 1952, at 10:00 o'clock A. M., Eastern Standard Time; that in lieu of closing the transfer books of this Company prior to said meeting, this Board does hereby fix 3:00 o'clock P. M., Eastern Standard Time, on Monday, December 31st, 1951, as the time and date of record for determination of stockholders entitled to notice of and to vote at said meeting, and that the Secretary of this Company be and he is hereby directed to give notice to the stockholders in accordance with law that they will be called on at said special meeting of the stockholders to vote on the recommendation of the Board of Directors for acceptance of the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, and assent to the acquisition of the properties of the Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan, setting forth in said notice the subject to be acted on at such special meeting.

RESOLVED, that the foregoing preambles and resolution be and they are hereby referred to the special meeting of stockholders to be held on January 15th, 1952, in Richmond, Virginia, and that when said meeting of stockholders has been regularly convened, the Secretary be and he is hereby directed to certify to said meeting a copy of the foregoing preambles and resolution this day adopted by the Board of Directors.

RESOLVED, FURTHER, that the Chairman be and he is hereby directed to take all necessary action, in accordance with the Rules and Regulations of the Securities and Exchange Commission, for soliciting from each record holder of stock of this Company a proxy appointing A. L. M. Wiggins, F. B. Adams and C. McD. Davis, as attorneys and proxies, with full power of substitution, and authorizing any one of them or any substitute or substitutes thereof, to vote such stock upon all matters that may lawfully come before the special meeting of stockholders of this Company to be held on January 15th, 1952.

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RESOLVED, FURTHER, that in the event the stockholders of this Company at their special meeting to be held on January 15th, 1952, approve the proposal to be submitted to them thereat as this day recommended by this Board, the proper officers of this Company be and they are hereby authorized and directed to take such other and further action as may be necessary to effect the aforesaid Plan of Reorganization of Florida East Coast Railway Company.

I, F. D. Lemmon, Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on December 20th, 1951, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 20th, 1952.

F. D. Lemmon

Secretary.

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Atlantic Coast Line Railroad Company

71 Broadway, New York, N. Y.

December 26, 1951.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD JANUARY 15, 1952

A Special Meeting of Stockholders of ATLANTIC COAST LINE RAILROAD COMPANY has been called by the Board of Directors to be held at its office in the Richmond Terminal Railway Station, Richmond, Virginia, on Tuesday, January 15, 1952, at ten o'clock A. M., Eastern Standard Time, for the following purposes:

To consider and take action with respect to the recommendation of the Board of Directors that the stockholders authorize the acceptance of the Plan of Reorganization of Florida East Coast Railway Company, approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12, 1951, and October 25, 1951, in the pending Florida East Coast Railway Company reorganization proceeding, and assent to the acquisition of the properties of Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan; and that the Board of Directors be authorized to consummate such Plan when confirmed by the Court and to issue such securities, make such cash payment and take such other action as may be required, all as described in the attached Proxy Statement.

To transact such other business as may properly come before the meeting or any adjournment thereof. No items of such other business are known to the Management at the date hereof.

Only stockholders of record on the Company's books at three o'clock P. M., Eastern Standard Time, Monday, December 31, 1951, will be entitled to vote at said meeting and any adjournment thereof.

If you are unable to attend in person and in order that you may be represented, please sign and date the accompanying proxy and mail it in the enclosed envelope. Postage is not required if mailed in the United States.

F. D. Lemmon,
Secretary.

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PROXY STATEMENT

SOLICITATION

By order of the Board of Directors, solicitation is hereby made by the Management of ATLANTIC COAST LINE RAILROAD COMPANY (sometimes hereinafter referred to as "Coast Line" or "Company") of proxies to be used at a special meeting of stockholders to be held on January 15, 1952, and this proxy statement is furnished in connection therewith. The cost of this solicitation is being paid by the Company. Messrs. Georgeson & Co., New York, N. Y., will make additional solicitation of proxies, assisted by approximately 50 persons, at an estimated aggregate cost of $5,500 which also will be paid by Atlantic Coast Line Railroad Company.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The only outstanding voting securities of the Company are 824,981 shares of Capital Stock, consisting of 823,427 shares of Common Stock and 1,554 shares of Preferred Stock. Each share is entitled to one vote.

At December 1, 1951, The Atlantic Coast Line Company held of record and beneficially owned 235,420 shares, or 28.54 per cent., of the Capital Stock of Atlantic Coast Line Railroad Company and beneficially owned Bonds of Atlantic Coast Line Railroad Company to the amount of $3,165,000.

Each stockholder of record at three o'clock P. M., Eastern Standard Time, December 31, 1951, will be entitled to vote. There are no preemptive rights to purchase new or additional shares of stock.

Every proxy is revocable at any time prior to the exercise of the power conferred thereby.

INTEREST OF CERTAIN PERSONS IN PROPOSITION TO BE VOTED ON

Safe Deposit and Trust Company of Baltimore, an associate of Thos. B. Butler and Alexander E. Duncan, who are Directors of Atlantic Coast Line Railroad Company, held of record at December 1, 1951, as trustee, executor, agent, etc., of various wills, trusts and agreements, $336,000 Florida East Coast Railway Company First Mortgage 4½% Bonds, due 1959, and $4,000 of said Company's First and Refunding Mortgage 5% Bonds, due 1974.

ACQUISITION OF PROPERTIES OF FLORIDA EAST COAST RAILWAY COMPANY UNDER THE PLAN OF REORGANIZATION OF THAT COMPANY

The Trustees of Florida East Coast Railway Company operate about 571 miles of main track of railroad wholly within the State of Florida. The principal line lies along the East coast of Florida from Jacksonville to Miami, and important branch lines from Fort Pierce to Lake Harbor and from Miami to Florida City serve productive vegetable growing territory.

The Florida East Coast Railway connects with the Coast Line at Jacksonville and at Benson Junction and Lake Harbor, which are approximately 141 miles and approximately 295 miles, respectively, (via FEC) South of Jacksonville. The line of the Florida East Coast Railway is logically an extension of the Coast Line from Jacksonville into the East coast section of Florida, which the Coast Line does not now directly serve. A map showing the lines of railroad of both Companies is attached hereto as Exhibit 1.

The principal point of interchange of traffic with the Coast Line is at Jacksonville. More than 50 per cent. of the Florida East Coast Railway freight interchange, and almost 100 per cent. of its passenger interchange, at Jacksonville, is with the Atlantic Coast Line Railroad. The Northbound movement of fruits and vegetables from the East coast of Florida and the movement of tourist travel in both directions are of particular importance to the revenues of the Atlantic Coast Line Railroad Company. Continuously since construction of the lines of the Florida East Coast Railway, the relations between its management and that of the Coast Line and its predecessors have been very close.

The Florida East Coast Railway Company has been insolvent since 1931, being in equity receivership from 1931 to 1941, and in bankruptcy proceedings under Section 77 of the Bankruptcy Act since 1941. The owners of the stock of Florida East Coast Railway Company have taken no part in the reorganization proceeding and the stock has been found by the Interstate Commerce Commission to be without value.

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Fearing that a change of ownership resulting from the reorganization might cause a disruption of the long-existing close relations between the two railroads and a curtailment of the important and valuable interchange of freight and passenger traffic, and believing that it would be advantageous to the Coast Line, as well as in the public interest, to have a unification of the two properties on fair and equitable terms, the Company intervened in the reorganization proceeding and proposed a plan of Reorganization under which there would be an acquisition of the properties of Florida East Coast Railway Company by this Company, as reported in the Proxy Statement for the stockholders' meeting of April 16, 1946.

By its Report and Order dated April 8, 1947, the Interstate Commerce Commission approved such a plan on terms differing somewhat from those which the Company had made in its proposal. After consideration of petitions for modifications of the plan approved on April 8, 1947 and hearing further argument, the Commission on March 25, 1948 issued its Report and Order affirming the plan approved in its said Report and Order dated April 8, 1947.

On May 14, 1948 a special meeting of stockholders of Atlantic Coast Line Railroad Company was held, at which the stockholders authorized the acceptance of the plan approved by the Commission in its Reports and Orders dated April 8, 1947 and March 25, 1948; effected certain amendments of the Charter of the Company; and authorized the Board of Directors to consummate the plan approved by the Commission if the same were approved by the Court.

Following the certification of said Plan to the United States District Court for the Southern District of Florida and the consideration of objections thereto, on January 22, 1949 Circuit Judge Sibley, holding said District Court pursuant to designation under the Judicial Code, handed down an opinion and order disapproving the Commission's plan.

Appeals were duly taken from the order of disapproval to the United States Court of Appeals for the Fifth Circuit by the Atlantic Coast Line Railroad Company and the Deposit Committee for the First and Refunding 5% Bonds of the Florida East Coast Railway Company. On January 17, 1950 the three Circuit Judges who had heard the arguments on the appeals handed down opinions as a result of which an order was entered affirming Judge Sibley's order of disapproval. A petition for certiorari was denied and the result under subsection (e) of Section 77 of the Bankruptcy Act was to require the Commission to "proceed to a reconsideration of the proceedings under the provisions of subsection (d)" of Section 77.

One of the Judges of the Court of Appeals dissented, and the opinions of the other two Judges indicate that the ground on which they agreed in voting to affirm Judge Sibley's order was that they were not satisfied that the cash and new securities to be turned over by the Atlantic Coast Line Railroad Company as a consideration for the properties of the Florida East Coast Railway Company were adequate. Chief Judge Hutcheson said:

> "In remanding the case, however, for further proceedings, we remand it for the purpose of working out a really fair and equitable plan and without prejudice in doing so to the due consideration of any fair and equitable plan for bringing this matter to an end, including such a plan providing for a merger with, or sale to, the Coast Line either with or without the approval of the security holders."

Further hearings followed before the Interstate Commerce Commission on July 11-14 and August 8-17, 1950 and there was a further argument before the Commission on December 14-15, 1950.

Under date of July 12, 1951 the Commission issued its Report and Order approving a Plan of Reorganization under which there would be an acquisition of all or substantially all of the properties of the Florida East Coast Railway Company by the Company on terms differing from those previously approved by the Commission. After consideration of petitions for modifications of said Plan, on October 25, 1951 the Commission issued a further Report and Order modifying said Plan in minor respects and approving said Plan as thus modified.

The action which it is proposed that the stockholders take at the special meeting to be held on January 15, 1952 relates to the Plan approved by the Commission by its Reports and Orders dated July 12, 1951 and October 25, 1951. Said Plan has been certified by the Commission to the United States District Court for the Southern District of Florida and a hearing thereon is scheduled to be heard in said Court on February 4, 1952.

The annual report of Atlantic Coast Line Railroad Company to the stockholders for each of the years 1944 to 1950, inclusive, has contained reference to the participation of the Company in the proceeding for reorganization of the Florida East Coast Railway Company.

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Under the Plan approved by the Commission Atlantic Coast Line Railroad Company would acquire, as of the effective date of the Plan, the properties of the Florida East Coast Railway Company (except any portions of the Peninsular & Occidental Steamship Company tract and the Hialeah tract which may be excluded pursuant to Section II of the Plan and the related provisions of the Commission's Reports of July 12, 1951 and October 25, 1951), including certain current assets and subject to certain reserves, all as described in said Reports and Orders dated July 12, 1951 and October 25, 1951, on payment therefor in cash and securities of the Atlantic Coast Line Railroad Company as follows:

	Amount
Cash	$ 4,000,000
Atlantic Coast Line Railroad Company divisional first-mortgage fixed interest 3¾ percent 25-year bonds	14,000,000
Atlantic Coast Line Railroad Company general income divisional-mortgage 4¼ percent 75-year bonds	13,500,000
Atlantic Coast Line Railroad Company participating cumulative convertible $100 par-value 4 percent dividend preferred stock	9,000,000
Atlantic Coast Line Railroad Company no-par common stock (stated at $100 per share)	6,000,000
Total	$46,500,000

The previous plan approved by the Commission in its Reports and Orders dated April 8, 1947 and March 25, 1948, submitted to and approved by the stockholders on May 14, 1948, stated the amount of cash and securities to be paid by Atlantic Coast Line Railroad Company for the properties of the Florida East Coast Railway Company at the principal amount of $40,500,000.

Attached hereto as Appendix A is a copy of so much of the Commission's Order of July 12, 1951 as contains the Sections of the Plan approved by the Commission in said Order, amended so as to give effect to the modifications thereof contained in the Commission's Order of October 25, 1951. Said Order dated July 12, 1951, as modified by said Order dated October 25, 1951, contains the Plan as approved by the Commission except that said Reports dated July 12, 1951 and October 25, 1951 are incorporated in said Orders by reference. Copies of the complete Reports and Orders of July 12, 1951 and October 25, 1951 may be examined in either of the Company's offices at Wilmington, North Carolina, or 71 Broadway, New York, N. Y., and are on file with the Securities and Exchange Commission, 425 Second Street, N.W., Washington, D. C.

Appendix A contains descriptions of the Atlantic Coast Line Railroad Company's securities which would be issued under the Plan in Sections IX, IX(A), X, XI, XI(A) and XII thereof.

In view of the jurisdiction which the Interstate Commerce Commission has under Sections 5 and 20a of the Interstate Commerce Act over the terms of any acquisition by Atlantic Coast Line Railroad Company of the properties of Florida East Coast Railway Company and over the issue of any securities for that purpose, the approval of the Plan by the Interstate Commerce Commission is equivalent to a finding that the Plan is just and reasonable to the Coast Line and consistent with the public interest. In the Commission's Report dated October 25, 1951 the Commission said, in effect, that in order to approve such a Plan it "would have to find that its terms and conditions were just and reasonable and that the merger would be consistent with the public interest".

The Board of Directors of Atlantic Coast Line Railroad Company considers the Plan to be in the best interests of the stockholders of the Company and, therefore, unanimously makes the recommendation set forth in the Notice of Special Meeting.

A majority vote of the capital stock present or represented at the meeting by proxy and voting thereat is necessary for approval. Stockholder action is sought now because, under Section 5 (11) of the Interstate Commerce Act, acquisition of the Florida East Coast properties can take place only

> "with the assent, in the case of a purchase and sale, a lease, a corporate consolidation, or a corporate merger, of a majority, unless a different vote is required under applicable State law, in which case the number so required shall assent, of the votes of the holders of the shares entitled to vote of the capital stock of such corporation at a regular meeting of such stockholders, the notice of such meeting to include such purpose, or at a special meeting thereof called for such purpose * * *."

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The following tabulations contain a summary of the income statement of the Atlantic Coast Line Railroad Company for the ten years 1941 to 1950, inclusive, and also of the income statement of the Trustees of the Florida East Coast Railway Company to the extent of income available for interest on funded debt after excluding from "Deductions from Income" in the years 1943 to 1950, inclusive, interest on defaulted interest on the First and Refunding Mortgage Bonds of Florida East Coast Railway Company. The tabulation also shows service charges on divisional bonds and preferred stock to be issued under the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders dated July 12, 1951 and October 25, 1951.

SUMMARY OF INCOME

(Stated in thousands of dollars)

ATLANTIC COAST LINE RAILROAD COMPANY

Year	Railway Operating Revenues	Railway Operating Expenses	Railway Operating Income	Net Railway Operating Income	Total Income	Miscellaneous Deductions From Income	Income Available for Fixed Charges	Fixed Charges	Income After Fixed Charges	Income Balance
1941	$ 67,404	$ 46,859	$ 12,894	$ 11,080	$ 18,461	$ 908	$ 17,553	$ 6,415	$ 11,138	$ 11,098
1942	115,108	62,947	24,261	21,195	29,565	380	29,185	6,561	22,624	22,586
1943	153,601	81,782	20,568	15,704	23,786	399	23,387	5,901	17,486	17,447
1944	155,946	93,834	18,112	13,672	22,010	402	21,608	5,502	16,106	16,069
1945	138,696	123,207	9,089	5,447	10,485	292	10,193	4,656	5,537	5,528
1946	126,105	113,728	7,977	5,016	9,641	139	9,502	4,022	5,480	5,445
1947	128,429	112,461	5,518	3,049	10,197	138	10,059	4,051	6,008	5,958
1948	136,336	118,287	7,749	5,126	11,825	149	11,676	3,987	7,689	7,638
1949	122,992	104,217	7,775	6,753	12,187	167	12,020	4,273	7,747	7,697
1950	133,658	107,040	10,917	9,816	17,674	152	17,522	4,742	12,780	11,191

TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

(Figures from Annual Reports adjusted as indicated above)

Year	Railway Operating Revenues	Railway Operating Expenses	Railway Operating Income	Net Railway Operating Income	Total Income	Deductions From Income	Amount Available for Interest on Funded Debt
1941	$ 11,499	$ 8,653	$ 2,127	$ 1,590	$ 1,652	$ 119	$ 1,533
1942	20,838	11,481	8,371	7,873	8,000	86	7,914
1943	32,559	16,604	11,460	10,173	10,340	95	10,245
1944	31,730	19,055	7,007	5,951	6,146	390	5,756
1945	29,571	20,574	5,398	4,401	4,606	431	4,175
1946	26,543	20,721	5,486	4,291	4,550	226	4,324
1947	27,054	23,683	2,819	1,544	1,723	93	1,630
1948	28,653	23,897	3,011	1,855	2,055	86	1,969
1949	25,902	21,803	959	204(d)	55	106	51(d)
1950	26,890	22,364	2,725	1,403	1,743	276	1,467

(d) deficit

Annual amounts required to service the divisional bonds and preferred stock to be issued by Atlantic Coast Line Railroad Company for the properties of the Florida East Coast Railway Company are as follows:

Interest on first mortgage 3¼ percent bonds	$ 525,000.00
Sinking fund on bonds above	70,000.00
Interest on income mortgage 4½ percent bonds	573,750.00
Sinking fund on income bonds above	67,500.00
Dividend on preferred stock—$4.00 per share (participates with common stock in dividend over $4.00 per share on common stock)	360,000.00
Total	$1,596,250.00

Equipment obligations—Interest varies from year to year; charge in 1950 was $125,740.33.

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FINANCIAL STATEMENTS

There are attached hereto as Exhibits 2 and 3, respectively, copy of Income Account and General Balance Sheet as of December 31, 1950, compared with December 31, 1949, and for the ten months ended October 31, 1951 and 1950, and as Exhibit 4, copy of Statement of Profit and Loss for the years ended December 31, 1949 and 1950, and for the ten months ended October 31, 1951, of the Atlantic Coast Line Railroad Company. There are also attached as Exhibits 5 (as abbreviated and adjusted) and 6, respectively, copy of Income Account and General Balance Sheet as of December 31, 1950, compared with December 31, 1949, and for the ten months ended October 31, 1951 and 1950, and as Exhibit 7, copy of Statement of Profit and Loss for the years ended December 31, 1949 and 1950, and for the ten months ended October 31, 1951, of the Trustees of Florida East Coast Railway Company. Further financial statements of the Company are available at the offices of the Securities and Exchange Commission and New York Stock Exchange and reference may be made thereto.

It is believed by the Company that these statements are adequate for the exercise of prudent judgment on the part of the stockholders as to the said proposal.

MARKET PRICES

The high and low sale prices on the New York Stock Exchange for Atlantic Coast Line Railroad Company Common Stock and Florida East Coast Railway Company Bonds for each quarterly period beginning October 1, 1949, and ending September 30, 1951, and for the period October 1-December 1, 1951, are as follows:

Quarter Ended	Atlantic Coast Line Railroad Company Common Stock		Florida East Coast Railway Company			
			First Mortgage 4½% Bonds		First & Refunding Mortgage Series A 5% Bonds	
	High	Low	High	Low	High	Low
Dec. 31, 1949	44¼	36	103⅜	102½	61¼	51
Mar. 31, 1950	48¼	41	103	101½	69⅜	59
June 30, 1950	48¾	42	103	102½	71	64
Sept. 30, 1950	59¼	43	103	102½	77½	65¼
Dec. 31, 1950	70½	53⅜	104	102½	82½	76½
Mar. 31, 1951	82	68	102½	102½	82	76½
June 30, 1951	77	61¾	102½	100	80	72
Sept. 30, 1951	75⅝	62½	100⅜	100¼	75½	70¾
Oct. 1-Dec. 1, 1951	78½	70¾	100⅜	100¼	78	71

There exists no default with respect to the principal of or interest on any securities or arrears of dividends on stock of Atlantic Coast Line Railroad Company.

The Plan under the Reports and Orders of July 12, 1951 and October 25, 1951, of the Interstate Commerce Commission contains provision for the payment of the First Mortgage 4½% Bonds of Florida East Coast Railway Company, on which there is no existing default. The First and Refunding Mortgage 5% Bonds of Florida East Coast Railway Company are in default as to interest maturing March 1, 1935, and since, and the aggregate amount of interest so in default at December 1, 1951, is $38,250,000, exclusive of interest on past due interest.

OTHER MATTERS

So far as is known at the date hereof, no matters other than that hereinabove set forth will come before the special meeting of the stockholders.

If matters other than that for which authority is herein sought should arise at the meeting, it is intended that said proxies will be voted in accordance with the judgment of the person or persons voting the proxies.

Each stockholder, regardless of the number of shares owned, is urged to be represented at the meeting. Therefore, if you are unable to be present, please fill in and sign the enclosed proxy and return it in the enclosed envelope.

F. D. LEMMON,
Secretary.

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PLAN OF REORGANIZATION
OF
FLORIDA EAST COAST RAILWAY COMPANY

As contained in Order of the INTERSTATE COMMERCE COMMISSION, dated July 12, 1951, giving effect to modifications under the Commission's Order, dated October 25, 1951.

I. CONSUMMATION DATE OF THE PLAN

The plan shall be consummated on a date (herein called the "consummation date") to be fixed by the court and to be as soon as practicable after the confirmation of the plan. The rights of the creditors as to cash distributable to them shall be determined as of the consummation date.

II. TRANSFER OF THE DEBTOR'S PROPERTIES TO ATLANTIC COAST LINE RAILROAD COMPANY

On the consummation date all the business, assets, franchises, and property of every kind and character, real, personal, and mixed, constituting the estate of the debtor, and all right, title, and interest of the trustees of the debtor's estate therein, shall be vested in the Atlantic Coast Line Railroad Company by merger of the debtor into, or consolidation of the debtor with, the Atlantic Coast Line Railroad Company, or, if the court shall approve, by transfer and conveyance by the said trustees of the property of the debtor to the Atlantic Coast Line Railroad Company, subject, however, and in diminution of the foregoing property, to the sale by the reorganization managers, with the approval of the court, of such portions, if any, of the Peninsular & Occidental Steamship Company tract and the Hialeah tract as they shall determine, with the approval of the court, are not necessary for the operation of the railroad and can be advantageously disposed of. In the event of such sale, the proceeds thereof shall be distributed to the first and refunding bondholders.

III. PROTECTION OF THE INTERESTS OF EMPLOYEES

The authorization hereafter to be granted upon confirmation of the plan for the acquisition by the Atlantic Coast Line Railroad Company of the properties of the debtor shall be upon condition that during the period of 4 years from the date the properties of the debtor become vested in the Atlantic Coast Line Railroad Company such transaction will not result in employees of the carrier or carriers by railroad affected by such acquisition being in a worse position with respect to their employment, except that the protection afforded to any employee pursuant to such condition shall not be required to continue for a longer period, following the date of such acquisition, than the period during which such employee was in the employ of such carrier or carriers prior to the date of such acquisition, provided, however, that nothing in such condition shall bar the Atlantic Coast Line Railroad Company and authorized representatives of employees of the carriers from entering into agreements for the protection of the interests of the employees.

IV. MAINTENANCE OF EXISTING JOINT THROUGH ROUTES

All existing through routes via Jacksonville, Florida, to and from points now served by the debtor in connection with Seaboard Air Line Railroad Company and Southern Railway System shall be kept open.

V. DISCHARGE OF CLAIMS

On the consummation date of the plan the debtor shall be discharged from all obligations other than claims to be paid or to be assumed as hereinafter in this plan provided; and, except as may be necessary to give effect to any orders of the court hereinafter referred to in Section IX(A) or any similar orders, all mortgage bonds, notes, certificates and shares of stock, and other claims against the debtor or its property, other than as aforesaid, shall, on and after the consummation date, become void and unenforceable against the debtor or the Atlantic Coast Line Railroad Company or the property of either of them.

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VI. CASH RESERVES

Upon the consummation of the plan, an amount of cash, to be determined as hereinafter provided in this paragraph, shall be set aside from the debtor's estate as a reserve to be expended for improvements and betterments to the property now owned by the debtor. The cash so set aside shall be taken over and held as a separate fund by the Atlantic Coast Line Railroad Company, to be segregated from its other funds and to be expended upon order of its Board of Directors exclusively for improvements and betterments to the property now owned by the debtor. The amount of such reserve for improvements and betterments shall be $3,000,000, of which $2,500,000 will be for construction of, or a contribution toward the construction of, a new passenger station at Miami, Florida, and the remaining $500,000 will be for other passenger and freight stations and facilities without specific designation as to the location of the stations for which it shall be used, less as to each of such reserves of $2,500,000 and $500,000, respectively, the net amount of extraordinary expenditures, including expenditures charged to operating expenses, to the extent provided for in the reserve, made by the trustees of the debtor between January 1, 1950 and the computation date in respect of (1) a new passenger station at Miami and (2) other passenger or freight stations and facilities, said net amounts to be the gross amounts less any cash realizations in respect of salvage and the cash value of salvage not disposed of.

Upon the consummation of the plan the sum of $800,000, less the amount of any payments from the debtor's estate for reorganization expenses prior to the date of consummation, shall be set aside for reorganization expenses. The amount so set aside shall, as the court may direct, either be retained in the estate and disposed of pursuant to the orders of the court or taken over and held as a separate fund by the Atlantic Coast Line Railroad Company, to be segregated from its other funds and to be expended, to the extent of the amount thereof, for reorganization expenses allowed by the orders of the court. If the reorganization expenses allowed by the court shall exceed $800,000, the excess shall be paid by the Atlantic Coast Line Railroad Company. If the reorganization expenses shall be less than $800,000, the remainder shall be paid to the first and refunding mortgage bondholders.

VII. CASH DISTRIBUTION

The debtor's cash assets shall be determined by deducting from the total current assets of the debtor computed as of the consummation date, including current asset accounts 708 to 719, inclusive, and account 704, the total of current liability accounts 758 to 768, inclusive. In making the computation account 767 shall be adjusted, if necessary, so that it will reflect the total tax liabilities without deduction of probable recovery under claims against the Government for taxes previously paid or income tax carry-backs; amounts so recovered for the period to date of consummation shall be distributed to the first and refunding bondholders. The balance obtained through the computation should be further adjusted by giving effect to any cash items in accounts 722, 727, 770, and 778 or other accounts. To the adjusted net current assets so determined shall be added (1) the cash payable by the Atlantic Coast Line Railroad Company under the plan, including any cash so payable to satisfy court-imposed liens for future improvements as herein specified, (2) any part of the $800,000 allowance for reorganization expenses not required for that purpose, and (3) any amounts representing refunds of income taxes and income tax carry-backs for period to date of computation, and from the resulting amount shall be deducted the $3,000,000 reserve for stations and facilities, $2,600,000 reserve for materials and supplies, and $1,000,000 allowance for working capital (a total of reserves and allowances of $6,600,000) adjusted as provided in section VI hereof. Out of the balance remaining the following payments in the order shown shall be made:

(a) Of matured and unpaid obligations of the trustees, including all expenses of reorganization including the reserve of $800,000 for reorganization expenses, and unpaid expenses for the prior receivership proceeding approved by the court.

(b) Of claims entitled to priority over the debtor's mortgage bonds and not assumed by the reorganized company pursuant to the plan.

(c) Of principal of $8,189,000 and accrued and unpaid interest to date of payment of the debtor's first mortgage 4½ percent bonds.

(d) Of the $3,811,000 of first-mortgage 4½ percent bonds which the debtor's trustees purchased under authority of court order in document 507 and upon which the court imposed an express trust for the *pro rata* benefit of the holders of the first and refunding bonds.

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(e) Of any liens which the court may determine continue to exist, in the light of our determinations herein, arising out of court orders contained in documents 588, 595, 662, 703, 705, 707, 765, and 791, including any other similar liens established by the court prior to the Commission's hearings on July 11 to 14, 1950, *provided* that such liens shall not be paid out of such cash in an amount exceeding the amount by which the total cash paid by the Atlantic Coast Line Railroad Company exceeds the $3,811,000 required to pay the 4½-percent first-mortgage bonds held in trust for the benefit of the holders of the first and refunding bonds.

(f) Of amounts required to effectuate cash settlements of certain unsecured claims as provided herein.

(g) To the Atlantic Coast Line Railroad Company of the amount of the foregoing payments not made by the trustees of $1,000,000 for working capital as described above and the sum of $3,000,000 as a reserve for stations and freight facilities as described above.

(h) Of the remainder *pro rata* to the holders of each maturity of matured and unpaid interest coupons of debtor's first and refunding bonds, beginning with the earliest maturity, with provision for payment later of any tax refunds received for the period prior to consummation.

VIII. UNDISTURBED SECURITIES

The Atlantic Coast Line Railroad Company shall assume all outstanding equipment obligations of the debtor and of the debtor's trustees. The interests of the holders of claims evidenced by all such equipment obligations will not be materially and adversely affected by the plan

IX. CASH PAYABLE, AND NEW SECURITIES ISSUABLE, BY THE ATLANTIC COAST LINE RAILROAD COMPANY

If the properties of the debtor be transferred to the Atlantic Coast Line Railroad Company, pursuant to Section II hereof, free of the liens provided for in the court's orders contained in Documents Nos. 588, 595, 662, 703, 705, 707, 765, 791, and any other liens established by the court prior to the Commission's hearings on July 11 to 14, 1950, and free of any other liens of the debtor's first and refunding mortgage and first mortgage, or of the holders of the bonds issued under either such mortgage, (exclusive of any liens established by the court for cash belonging to the creditors of the debtor for purchase of equipment not authorized prior to the Commission's hearings on July 11 to 14, 1950, and for improvements authorized for years subsequent to 1950 which the Atlantic Coast Line Railroad Company shall pay in such amounts as may be finally determined by the court), then in addition to the assumption by the Atlantic Coast Line Railroad Company of the equipment obligations referred to in Section VIII, as a consideration for such transfer to the Atlantic Coast Line Railroad Company of the debtor's properties the Atlantic Coast Line Railroad Company shall pay over cash, and issue and turn over securities, for distribution pursuant to the plan, as follows:

	Amount
Cash	$ 4,000,000
Atlantic Coast Line Railroad Company Divisional first-mortgage fixed interest 3¼ percent 25-year bonds	14,000,000
Atlantic Coast Line Railroad Company general income divisional-mortgage 4¼ percent 75-year bonds	13,500,000
Atlantic Coast Line Railroad Company participating cumulative convertible $100 par-value 4 percent dividend preferred stock	9,000,000
Atlantic Coast Line Railroad Company no-par common stock (stated at $100 per share)	6,000,000
Total	$46,500,000

An additional 22,500 shares of common stock shall be reserved to implement the provision of the plan that conversion of preferred stock into common stock on the basis of 1 share of preferred stock for 1¼ shares of common stock during a period from any election of the Atlantic Coast Line Railroad Company to redeem the preferred stock and the date when the redemption would become effective.

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Any of said Atlantic Coast Line Railroad Company securities may be dated on or as of any date subsequent to the consummation date, which the court may approve, provided that the recipient of the security shall be entitled to receive the same amount or amounts of cash and the same rights in respect of accruals and accumulations of interest or dividends as if such security had been dated as of the consummation date.

IX(A). ALLOWANCE FOR ANY LIENS OF THE DEBTOR'S FIRST AND REFUNDING MORTGAGE, OR OF THE HOLDERS OF THE BONDS ISSUED UNDER SUCH MORTGAGE, WHICH MAY NOT BE DISCHARGED UNDER THE PLAN

If the properties of the debtor be transferred to the Atlantic Coast Line Railroad Company, pursuant to Section II hereof, subject to any lien or liens pursuant to any of the court's orders contained in documents Nos. 588, 595, 662, 703, 705, 707, 765 and 791, and any other liens established by the court prior to the Commission's hearings on July 11 to 14, 1950, inclusive, or subject to any other lien or liens of the debtor's first and refunding mortgage or of the holders of the bonds issued under such mortgage (exclusive of any liens established by the court for cash belonging to the creditors of the debtor for purchase of equipment not authorized prior to the Commission's hearings on July 11 to 14, 1950, and for improvements authorized for years subsequent to 1950 which the Atlantic Coast Line Railroad Company shall pay in such amounts as may be finally determined by the court), an amount of the cash to be turned over by the Atlantic Coast Line Railroad Company as provided in Section IX not exceeding the amount of cash distributable under the plan to the holders of the debtor's first and refunding mortgage bonds (exclusive of the $3,811,000 distributable to them in respect of the purchased first mortgage bonds) shall be applied towards the discharge of such lien or liens. The cash payable by the Atlantic Coast Line Railroad Company shall in no event be reduced by court-imposed liens to less than $3,811,000.

If, after such application of such cash, any such lien or liens shall not have been fully discharged, the remaining amount of such lien or liens shall not be disturbed, and the amount of the Atlantic Coast Line Railroad Company divisional first-mortgage 3¼ percent 25-year bonds to be turned over by Atlantic Coast Line Railroad Company for distribution pursuant to this plan, as provided in section IX, shall be reduced by the remaining amount of such lien or liens (subject to any adjustment the court may determine to be proper with respect to interest accruals). The Atlantic Coast Line Railroad Company may nevertheless issue, and shall be entitled to have the trustee of the divisional first mortgage authenticate, divisional first-mortgage bonds in the full amount specified in section IX, and may retain any of such bonds not turned over for distribution pursuant to this plan. The Atlantic Coast Line Railroad Company may dispose of such retained bonds, at such time or times and in such manner as it may see fit, provided that the proceeds of any sale or other disposition thereof shall be applied to the discharge of such lien or liens, or to reimburse the treasury of the Atlantic Coast Line Railroad Company for payments made by it, in addition to the cash payment provided for in section IX, to discharge such lien or liens.

The Atlantic Coast Line Railroad Company shall pay (in addition to the cash payment provided in section IX) any liens established by the court for cash belonging to the creditors of the debtor for purchase of equipment not authorized prior to the Commission's hearings on July 11 to 14, 1950, and for other improvements authorized for years subsequent to 1950.

X. DIVISIONAL FIRST MORTGAGE BONDS

The Divisional First Mortgage Bonds shall be direct obligations, unconditional as to both principal and interest, of the Atlantic Coast Line Railroad Company. They shall bear fixed interest at the rate of 3¼% per annum, payable on July 1 and January 1, and shall mature 25 years from the date of issue. The total authorized issue shall be limited to $14,000,000 principal amount.

The Divisional First Mortgage Bonds and the obligations thereunder with respect to both principal and interest shall be secured by a direct first lien on all the debtor's property, including equipment and interests therein, except its cash, accounts receivable, and such other current assets as are not customarily subject to the liens of railroad mortgages, and its assets not necessary for the operation of the railroad and as may be specified in the Mortgage, such first lien to be subject only to any liens on equipment, to any liens referred to in Section IX(A) hereof and to any prior charges referred to in Section XV hereof. The First Mortgage shall also have a first lien on all

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property acquired in replacement of any property originally mortgaged, and, in such manner and with such exceptions as may be provided in the Mortgage with the approval of the Court and this Commission, on all other such property which may be appurtenant to the lines of railroad originally mortgaged.

The new Divisional First Mortgage Bonds shall be redeemable in whole or in part at any time on 30 days' notice at their principal amount and accrued interest plus a premium of 2 percent if redeemed prior to the expiration of a period of 9 years from the date of issue, such premium decreasing by one-eighth of 1 percent on the first day following the end of such 9 year period and an additional one-eighth of 1 percent on the first day of each succeeding year so that there will be no premium on redemption in the last year prior to maturity, except that the Bonds will be redeemable for the sinking fund at their principal amount plus accrued interest. Any redemption of less than all of the Bonds shall be by lot. The Divisional First Mortgage shall provide for a non-cumulative sinking fund for the Bonds, the annual payments to be equal to one-half of 1 percent of the largest principal amount of Bonds at any time previously authenticated and delivered. Sinking fund payments shall be applied to the retirement of Divisional First Mortgage Bonds by purchase in open market (at a cost to the sinking fund not exceeding their redemption price) or by redemption, except that not more than $25,000 may be permitted to accumulate in the sinking fund at any time when it is impossible to purchase Divisional First Mortgage Bonds at their redemption price or less.

The First Mortgage shall provide, within conditions and limits to be therein prescribed, for the modification and alteration thereof and of any or all supplements thereto and of the rights and obligations of the Atlantic Coast Line Railroad Company and of the holders of the Bonds issued thereunder, at any time, by the concurrent action of the Atlantic Coast Line Railroad Company and of the holders of not less than 66⅔ percent of the aggregate principal amount of Bonds then outstanding affected by such change or modification; provided, however, that no such change or modification shall (a) alter or impair the obligation of the Atlantic Coast Line Railroad Company with respect to payment of the principal of or interest on any First Mortgage Bonds at the time and place and at the rate and in the currency provided therein, or (b) permit the creation by the Atlantic Coast Line Railroad Company of any mortgage or lien in the nature of a mortgage ranking prior to, or on a parity with, the lien of the First Mortgage, except as in the First Mortgage otherwise expressly provided or (c) modify, without this Commission's approval, the provisions of any sinking fund for debt retirement provided for in this plan. Provision shall be made whereby bondholders may vote at such meeting by proxy. Notwithstanding the limitation of clause (a) of this paragraph, the Divisional First Mortgage shall contain a provision in such form and substance as may be determined by the Reorganization Managers with the approval of the Court, that the Mortgage may at any time, with the approval of this Commission or such other regulatory body as may at the time have jurisdiction in the premises, be modified by the concurrent action of the Atlantic Coast Line Railroad Company and of the holders of not less than 75 percent in principal amount of all Bonds of the mortgage outstanding at the time of such vote so as to postpone the time or times of payment of any vested interest either before or after the interest is due, or the principal of any or all Bonds of the Mortgage, either before or after maturity, which at such time may be outstanding, provided that the payment of the principal of the Bonds may not be postponed for a longer period than 20 years from the maturity date designated in the Bonds and that the maturity of interests on the Bonds may not be postponed for a longer period than 5 years, but in no event beyond the maturity date of the principal of the Bonds designated in the Bonds, unless such maturity be postponed, in which event the maturity of interest on the Bonds may not be postponed beyond the extended maturity date of the principal.

XI. GENERAL INCOME DIVISIONAL MORTGAGE BONDS

The General Income Divisional Mortgage Bonds shall be direct obligations, unconditional as to principal, of the Atlantic Coast Line Railroad Company. They shall bear contingent interest at the rate of 4½% per annum, payable as, and cumulative to the extent, hereinafter provided, and shall mature 75 years from the date of issue. The total authorized issue shall be limited to $13,500,000 principal amount.

The General Income Divisional Mortgage Bonds shall be redeemable in whole or in part at any time on 30 days' notice at their principal amount and accrued interest. Accrued interest shall include any interest payable but not paid with respect to the available net income of the next preceding calendar year and all unpaid accumulated interest (provided that the maximum payable with respect to accumulated unearned interest shall not exceed the maximum hereinafter specified), plus interest at 4½ percent per annum from the last preceding December 31 to the

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redemption date. Any redemption of less than all of the Bonds, whether at the option of the obligor or for the sinking fund, shall be by lot. Contingent interest on the General Income Divisional Mortgage Bonds at the rate of 4¼ percent per annum shall (up to the limit of accumulation hereinafter specified), become owing as a debt on December 31 in each year, if, and to the extent, that the available net income (as defined in Section XIII hereof) shall suffice therefor, except that interest at the rate of 4¼ percent for the year prior to maturity of the Bonds shall be paid at date of maturity of the Bonds whether or not earned. Otherwise interest, if the available net income shall suffice therefor, shall be payable on May 1 of the year next succeeding or thereafter as hereinafter provided. Unearned interest shall accumulate up to a maximum amount of 12¾ percent, but no more. If such maximum accumulation is reached, no further accumulation shall be made unless the amount of the accumulated interest is later reduced, in which case unearned interest accruing after such reduction in accumulated interest may again be accumulated from time to time, but the total accumulation of unearned interest shall never exceed the maximum of 12¾ percent.

Accumulated interest shall be mandatorily payable on May 1 of any subsequent year (a) whenever and to the extent that the balance of the available net income of the preceding calendar year after provision for the interest on the Divisional First Mortgage Bonds payable on such May 1 shall suffice therefor, or (b) in any event (whether earned or not) at the maturity or on the redemption of the Bonds.

The Atlantic Coast Line Railroad Company may at any time in its discretion pay, out of any funds lawfully available therefor, any interest due or accrued on the Bonds, even if not earned.

No interest shall be paid on the Bonds in any year if the amount shall be less than one-fourth of 1 percent, and all payments shall be in multiples of one-fourth of 1 percent. Any available net income not applied because of the foregoing provision shall be reserved and added to the available net income applicable to the payment of interest on the Bonds and to the sinking fund in the succeeding calendar year or years.

The General Income Divisional Mortgage shall provide for annual payments into a sinking fund for the Bonds, equal to one-half of 1 percent of the largest principal amount of Bonds at any time previously authenticated and delivered, such payments to be made if sufficient available net income for the previous year is available for such purpose under the provisions of the Section hereinafter included in this Plan entitled "Determination and Application of Available Net Income." Such sinking fund shall be applied to the retirement of Bonds by purchase in the open market or by call for tender (but in no case at a price exceeding their principal amount and accrued interest) and to the extent not so applied, to their redemption as herein provided. Bonds shall be called for redemption by lot.

The General Income Divisional Mortgage shall also contain provisions for its modification and other features which shall be similar to those contained in the Division First Mortgage, and in addition shall prohibit any modification of the provisions of the General Income Divisional Mortgage with respect to the determination and application of available net income. A provision for the postponement of the time or times of payment of interest or principal substantially identical with that in the First Mortgage shall, however, be included in the General Income Divisional Mortgage.

The General Income Divisional Mortgage shall be secured by a lien on all the property which is subject to the lien of the Divisional First Mortgage, the lien of the General Income Divisional Mortgage to be immediately junior to the lien of the Divisional First Mortgage.

The General Income Divisional Mortgage shall contain provisions permitting the Trustees of the General Mortgage of Atlantic Coast Line Railroad Company dated March 1, 1950 to hold pledged Divisional First Mortgage Bonds after their maturity without impairment of lien.

XI(A). PREFERRED STOCK

The new Atlantic Coast Line Railroad Company preferred stock shall have a par value of $100 per share.

The holders of the preferred stock shall be entitled to receive when and as declared by the board of directors of the Atlantic Coast Line Railroad Company, dividends of $1 a share on February 1, May 1, August 1, and November 1 in each year. The holders of the new preferred stock shall also participate share for share with the holders of the Atlantic Coast Line Railroad Company common stock in all dividends paid or set aside for payment

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on the common stock in excess of $4 per share per annum thereon. Dividends on the new preferred stock shall be cumulative to the extent of 12 percent whether or not earned in any year of such accumulation but thereafter only to the extent earned but not declared or paid. In determining the amount of accumulation of dividends at any time, no dividends paid or set aside for payment upon the new preferred stock in any year previous to the first year of such accumulation in excess of $4 shall be credited against the nonpayment of the $4 dividend in any subsequent year.

So long as there shall be any accumulated dividends on the new preferred stock, no distribution whatever, whether by dividends or otherwise, shall be declared, or set aside for payment, or paid upon the common stock of the Atlantic Coast Line Railroad Company, and no common stock of the Atlantic Coast Line Railroad Company shall be purchased or redeemed.

The new preferred stock shall be redeemable as a whole or in part by lot, at any time on at least 30 days' notice at $100 a share plus (1) the amount of any accumulated dividends within the limit of accumulation herein specified and (2) an amount equal to interest at 4 percent per annum from the last preceding dividend-payment date to the date of redemption.

The new preferred stock shall be convertible into Atlantic Coast Line Railroad Company common stock share for share (except as hereinafter in this paragraph provided) and shall contain suitable provisions to protect against any dilution of the conversion rights. In the event of the election of the Atlantic Coast Line Railroad Company to redeem any or all of the new preferred stock, any holder of any of the shares thereof called for redemption shall have the right to convert any or all of such shares into common stock at any time prior to the date when the redemption shall become effective, but in conversions made after the election of the company to redeem and prior to the date when the redemption shall become effective the basis of exchange shall be 1 share of preferred stock for 1¼ shares of common stock.

Holders of the new preferred stock shall be entitled to one vote per share in the election of directors of the Atlantic Coast Line Railroad Company and otherwise except as provided in this paragraph. The holders of the new preferred stock voting as a class shall have the right to elect not less than 2 directors in the event of the default of the equivalent of six quarterly dividends. The Atlantic Coast Line Railroad Company shall not, without the consent or vote of the holders of at least two-thirds in par value of the outstanding new preferred stock, create any stock ranking, either as to assets or dividends, in priority to or on a parity with the new preferred stock. The affirmative approval of the holders of at least two-thirds of the new preferred stock, shall be a prerequisite to any charter or bylaw amendment of the Atlantic Coast Line Railroad Company altering materially any existing provisions of such preferred stock.

In the event of the dissolution, winding up, liquidation, or reorganization of the Atlantic Coast Line Railroad Company, the holders of the new preferred stock shall be entitled to receive the par value of their shares and accumulated dividends (within the maximum herein specified) before any distribution shall be made to the holders of Atlantic Coast Line Railroad common stock and shall not be entitled to share further in any assets of the Atlantic Coast Line Railroad Company.

XII. NEW COMMON STOCK

The common stock issuable in the reorganization shall be the common stock of the Atlantic Coast Line Railroad Company outstanding on the consummation date, or the equivalent thereof in event of any stock dividends, split-ups or the issuance of any rights subsequent to the consummation date.

XIII. DETERMINATION AND APPLICATION OF AVAILABLE NET INCOME

Available net income of the Atlantic Coast Line Railroad Company for the purposes of this plan shall be determined for each calendar year beginning with the date of consummation. For each year ended after the consummation of the plan the determination shall be made on or before May 1 of the following year. If the plan is consummated on a day other than January 1, the available net income shall be determined for the period from the date of consummation to December 31 of the same calendar year. The determination of available net income in that event shall be made on or before May 1 of the following calendar year, and the interest and sinking fund payments for that period shall be one-twelfth of the corresponding amounts for a 12-month calendar-year period for each month, or major fraction thereof, elapsing between the date of consummation and December 31 of the same year.

Available net income for each year shall be determined by deducting all fixed charges of the Atlantic Coast Line Railroad Company (including the sinking fund payment for retirement of the new Divisional First Mortgage Bonds) accruing in such year from the Atlantic Coast Line Railroad Company's balance available for fixed charges for such year (determined in accordance with this Commission's accounting rules or those of any other governmental agency having jurisdiction in the premises at the time in effect, or, to the extent not governed by such accounting rules, in accordance with sound accounting practices).

Available net income shall be determined for each year as the accounts are stated on the books of the Atlantic Coast Line Railroad Company when its accounts are closed for such period, without adjustments, except that (1) if in respect to any year the available net income is a deficit, the amount of such deficit shall be carried forward and be deducted in determining available net income for the succeeding year or years until such deficit (or accumulated or remaining deficits) be extinguished by earnings, which, in the absence of such deficit or deficits, would be available net income; and (2) any adjustments necessary to correct the income accounts of any prior year shall be made by appropriate entries which may either be made in the accounts of the current year or, in the discretion of the Board of Directors of the Atlantic Coast Line Railroad Company and subject to the approval of this Commission or that of such other governmental agency, if any, as at the time may have jurisdiction over the accounting practices of the Atlantic Coast Line Railroad Company, may be made, in whole or in part, in the accounts of any subsequent year or years, and any such debits or credits made in the accounts of any year to adjust entries in the income account of prior years shall be treated as income items for the year in which entered on the books, whether cleared through income or profit and loss accounts; and (3) in computing such available net income, no amounts shall be deducted for retirements of nondepreciable property.

Available net income for each year shall be applied, to the extent necessary, to the following purposes and in the following order:

(a) To the payment of currently payable interest on the General Income Divisional Mortgage Bonds.

(b) To the payment of accumulations of interest on the General Income Divisional Mortgage Bonds.

(c) To the current sinking fund payment on the General Income Divisional Mortgage Bonds.

(d) To payments into the sinking fund to the extent of the difference, if any, between the amounts paid in prior years and the amounts which would have been payable if the available net income in prior years had sufficed for payments of $67,500 a year.

Any balance of available net income may be applied by the Atlantic Coast Line Railroad Company for any proper corporate purpose.

The General Income Divisional Mortgage shall specify, or provide for the determination of, an equitable method of ascertaining what portion or portions of the revenues and expenses of any successor or lessee corporation shall be used for the determination and application of available net income under the Mortgage in the event of a consolidation, merger, conveyance, or lease involving the Atlantic Coast Line Railroad Company, and the maintenance of a separate income account shall not be required for that purpose.

XIV. TREATMENT OF EXISTING SECURITIES AND CLAIMS

Upon consummation of the plan or prior thereto if the court should order, holders of the debtor's outstanding first-mortgage 4½-percent bonds due June 1, 1959, shall receive for each $1,000 principal amount, of bonds held, cash in the full principal amount, plus all accrued unpaid interest to the date of payment of the principal.

Subject to the provisions of section IX(A), there shall be distributed ratably in respect of the $45,000,000 of the debtor's first and refunding mortgage bonds cash and securities as follows:

Holders of the debtor's first and refunding mortgage 5-percent, series A, bonds shall receive for each $1,000 bond and all accrued and unpaid interest to the consummation date, (1) $84.69 with respect to the $3,811,000 first-mortgage bonds purchased pursuant to the order of the court dated December 14, 1945 (Document 507), (2) $[illegible]00, principal amount, of Atlantic Coast Line Railroad Company divisional first-mortgage fixed interest 3¼-percent [illegible]-year bonds, subject to reduction on account of reservation of bonds for payment in cash of court-imposed liens

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or for distribution to unsecured creditors, (3) $300, principal amount, of Atlantic Coast Line Railroad Company general income divisional-mortgage 4¼-percent 75-year bonds, (4) $200, par value, of Atlantic Coast Line Railroad Company participating cumulative convertible, $100 par value, 4-percent dividend preferred stock, (5) approximately 1½ shares of Atlantic Coast Line Railroad Company no-par common stock (stated at $100 per share), subject to reduction to permit distribution of such stock to unsecured creditors, and (6) a cash payment representing their shares of the cash available under the method of computation outlined in sections VII and IX(A) hereof. The amount of first-mortgage bonds and common stock distributable to the holder of each bond will vary slightly, depending on the method of settlement approved by the court for the unsecured creditors, the cash available for distribution, and the amount of liens imposed by the court upon cash used for improvements to the property.

The $3,811,000 of the debtor's 4½-percent first-mortgage bonds purchased by the debtor's trustees under authority of court order contained on document 507 and held in trust by the successor trustees under the first and refunding mortgage shall be paid in cash at the consummation of the plan or earlier if so ordered by the court. When so paid the interests of the holders of the debtor's first and refunding bonds in these bonds are found not to be materially and adversely affected by the plan.

The court shall determine the amounts of the unsecured claims, including the amount of the deficiency claim of the successor trustees of the debtor's first and refunding mortgage, and shall also determine whether any of the unsecured claims should be subordinated.

The court shall determine what items of property, other than those described as free of liens in the accompanying report, are free of liens and shall value them. The value of the property heretofore determined to be free of liens, as described in the report, has a value of $1,177,356 for the purpose of this proceeding. To this amount should be added the values as determined by the court of additional items of property determined by the court to be free of liens. The court shall also determine which, if any, of the claims of unsecured creditors shall not participate in the distribution of free assets or shall be subordinated to other claims.

New securities shall be allotted to the free assets on the basis of 50 percent of the value found for the free assets, in Atlantic Coast Line Railroad Company divisional first-mortgage fixed interest 3¼-percent 25-year bonds at par, and as to the remainder of such value in an amount in stated value of Atlantic Coast Line Railroad Company no-par common stock equal to 60 percent of one-half the value of the free assets, such securities to be for *pro rata* distribution among the holders of unsecured claims.

Nothing herein shall be construed to bar a settlement and disposition of the unsecured claims totaling $148,488.71 referred to in the order of the court dated December 13, 1949 (Court Document 805) for not more than 24.64 cents in cash for each dollar of principal amount.

In connection with the distribution of new securities to the unsecured creditors, where the new bonds so distributable to a single creditor or for any portion of the claim of a single creditor would be less than $100, face value, or the stock would be less than 1 share, the total of all the securities which otherwise would be so distributed in such fractional lots shall be delivered to the reorganization managers to be sold by them at either private or public sale and the cash proceeds distributed *pro rata* on the basis of the securities which each would have received. Allotted securities representing the share in the free assets of creditors electing to receive cash under the stipulation referred to in the report shall be delivered to the reorganization managers for distribution to the first and refunding bondholders.

On the basis of the foregoing, the court shall determine the participation of the unsecured creditors under the plan.

The interests and equities of the holders of the capital stock of the debtor are without value and nothing shall be distributed to them in the reorganization.

The Atlantic Coast Line Railroad Company in connection with any settlement of transportation accounts between the United States and the debtor, shall be required to recognize and pay or allow for any and all sums determined through audit, adjustment, compromise, or litigation, as due the United States by virtue of the provisions of section 322 of the Transportation Act of 1940, 54 Stat. L. 955, for payments made prior to the date of confirmation of a plan of reorganization, without requiring proof thereof in this reorganization proceeding and without prejudice by reason of such sums not having been proved herein, with the same relative priority as they now have with respect to other obligations of the debtor.

XV. CLAIMS NOT AFFECTED BY THE PLAN

The following claims to the extent allowed are not affected by the plan: (a) Claims arising from the administration of the trust estate and operation of the property subsequent to the filing of the petition under Section 77 of the Bankruptcy Act, as amended, on January 25, 1941; (b) obligations of the receivers incurred in the receivership proceedings between the time of appointment of the receivers on August 31, 1931 and the filing on January 25, 1941, of the petition under Section 77 of the Bankruptcy Act, as amended, and reasonable administrative expenses, and allowances in that proceeding, to the extent that provision shall be made therefor by the court in the present proceedings; (c) claims entitled to priority over one or more of the mortgages of the debtor, including labor claims entitled to such priority; (d) claims for taxes and special assessments; (e) claims for interest and principal provision for payment of which has been made by the Debtor or by the Court, but which have not been paid because not presented for payment. To the extent that such claims, liabilities, or obligations are not paid by the Debtor or the Trustees of the estate of the Debtor pursuant to order of the Court in the reorganization proceedings, they shall be assumed by the Atlantic Coast Line Railroad Company and paid in cash in due course, provided that any amounts of the foregoing classes (a) to (e) inclusive, assumed by the Atlantic Coast Line Railroad Company shall constitute a charge upon the property securing the new divisional mortgages, such charge to be prior in lien to such new divisional mortgages. All such claims, liabilities, and obligations may be adjusted or compromised and dealt with or paid or discharged by the Atlantic Coast Line Railroad Company, all as may be determined by its Board of Directors. In view of the above provisions, the interests of the holders of such claims of the foregoing classes (a) to (e), inclusive, against the Debtor will not be materially and adversely affected by the Plan.

XVI. EXPENSES OF REORGANIZATION

All costs of administration of the Trustees of the Debtor and all expenses of reorganization, including the amounts of all claims for compensation and expenses allowed pursuant to Section 77 of the Bankruptcy Act, shall be paid in cash.

XVII. ASSUMPTION OR DISAFFIRMANCE OF LEASES OR CONTRACTS

The Atlantic Coast Line Railroad Company shall assume such of the contracts of the Debtor which are executory in whole or in part, including any executory leases and liabilities under guaranties as shall have been affirmed by the Trustees of the estate of the Debtor in the reorganization proceeding with the approval of the Court, and also any executory contracts made by the Trustees of the estate of the Debtor, with the approval of the Court in the reorganization proceeding which, by their terms, do not terminate at the conclusion of the reorganization proceeding. When such contracts are assumed by the Atlantic Coast Line Railroad Company, the interests of the other parties to such contracts will not be materially and adversely affected by the plan.

XVIII. LISTING OF THE NEW SECURITIES ON THE STOCK EXCHANGE

The Reorganization Managers or the Board of Directors of the Atlantic Coast Line Railroad Company shall, upon the issuance of the new securities, or if practicable prior thereto, cause the filing promptly of an application for the listing of the new securities on the New York Stock Exchange.

XIX. REORGANIZATION MANAGERS

The Reorganization Managers shall not be more than three in number, all to be appointed by the Court, and shall carry out the Plan under the supervision and control of the Court. The Reorganization Managers shall have general supervision of carrying out the Plan.

The Reorganization Managers shall have, subject to any requirements of law and requisite approval of the Court and this Commission, fully and plenary discretionary power to take all such action and to enter into such arrangements, financial and otherwise, as they may deem necessary or advisable, in order to consummate and carry into execution the plan or any modification thereof; to fix the compensation of persons whose services they may employ in the execution of their powers; to supervise the transfer of the Debtor's properties to the Atlantic Coast Line Railroad Company; to determine the form and provisions, so far as not otherwise herein specifically provided, of the new

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Bonds and the mortgages under which the same shall be issued, the new preferred stock certificates and any other instruments deemed by the Reorganization Managers to be necessary or proper in connection with the plan; and to do all other acts in their discretion advisable for carrying out the plan. All fees and expenses of the Reorganization Managers shall be payable out of the estate of the Debtor upon order of the Court, within maximum limits to be fixed by this Commission.

The Court shall, however, before they are put in use, approve the new mortgages, trust agreements, bonds, securities, and preferred stock certificates.

The Reorganization Managers may act by a majority as from time to time constituted, at a meeting or in writing without a meeting. They may employ such agents, attorneys, and others as they may deem desirable for the purposes of the Plan. They may from time to time delegate to others any power or discretion conferred upon them by the Plan, and they shall not be liable for any action taken or omitted by them in good faith or by any person employed by them in good faith, except for their respective individual malfeasance or willful neglect.

The Reorganization Managers shall not be authorized to solicit deposits of securities for purposes other than exchange or to solicit authorizations to represent security holders, except upon approval by this Commission of the terms of such solicitation, pursuant to Section 77(p) of the Bankruptcy Act.

XX. ACCEPTANCE OF THE PLAN, PARTICIPATION THEREIN AND EXECUTION THEREOF

Acceptance of the Plan shall include acceptance of the new bonds, mortgages, stock certificates, and all instruments necessary and appropriate to the carrying out of the Plan, to the same effect as though the terms of such instruments were set out in full in the Plan.

The method by which creditors and other parties in interest may, after confirmation of the Plan by the Court, participate therein shall be determined by the Reorganization Managers, with the approval of the Court, and notice thereof duly given.

XXI. NOTICE AND CONSTRUCTION OF PLAN

Unless otherwise provided in Section 77 of the Bankruptcy Act, as amended, or by any order or orders of the Court in the reorganization proceeding or of this Commission, whenever notice shall be required or permitted to be given under or pursuant to the Plan, such notice shall be given by publishing a copy thereof once in each week for two consecutive weeks in one newspaper published and of general circulation in the city of Jacksonville, Florida, and in one newspaper published and of general circulation in the city of Miami, Fla., and also (1) in case of notice to security holders who have accepted the plan, by mailing such notice, postage prepaid, to the addresses of such security holders set forth in the acceptances signed by them, and (2) in case of notices to security holders who shall not have accepted the plan, by mailing such notices, postage prepaid, to such security holders whose names and addresses are available, but failure to mail any such notices, or delay in mailing any such notices, shall not invalidate the notice by publication above provided, which alone shall be held sufficient.

The construction of the Plan by the Court shall be final and conclusive. The Court shall have the power to cure any defect, supply any omission, or reconcile any inconsistency, in such manner or to such extent as may be necessary or expedient in order to carry out the plan effectively.

EXHIBIT 1

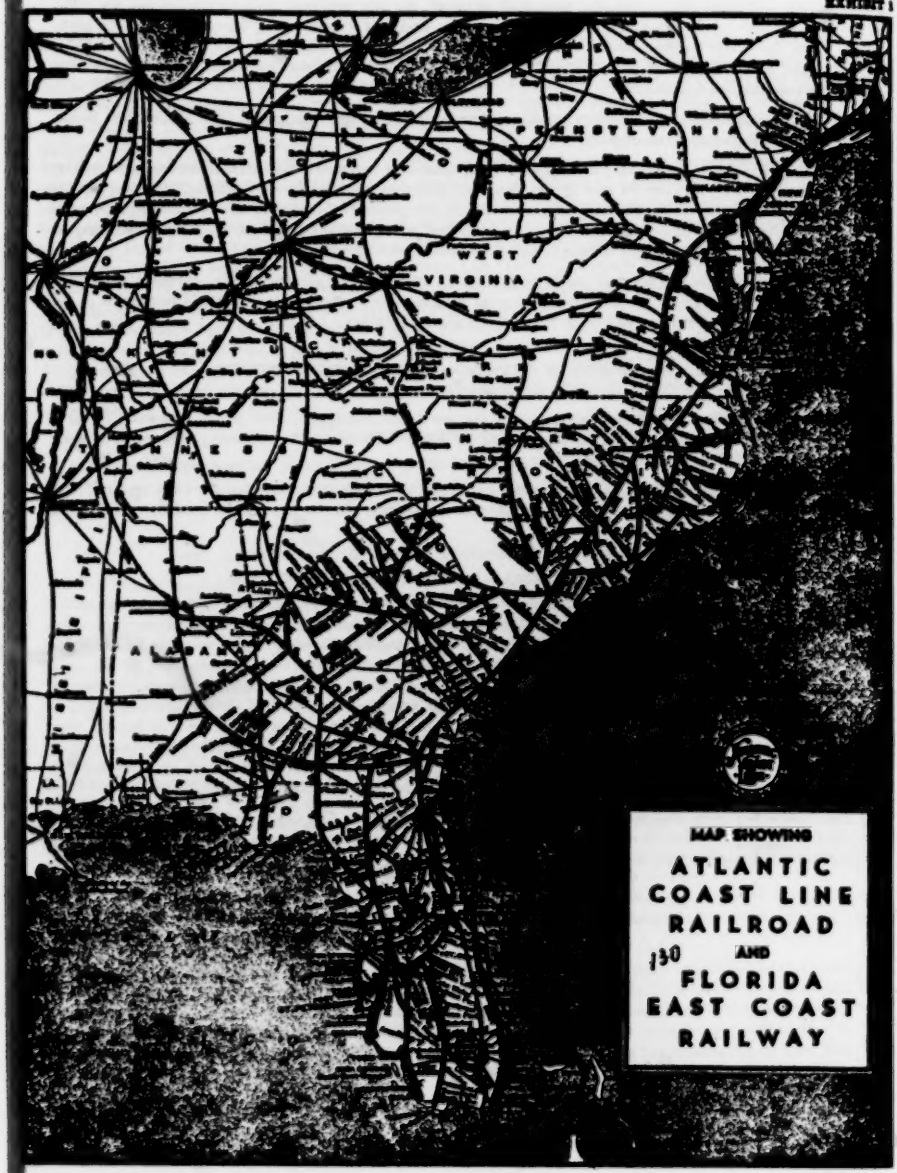

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EXHIBIT 2

ATLANTIC COAST LINE RAILROAD COMPANY

INCOME STATEMENT

	Ten Months ended October 31		Year ended December 31	
	1951	1950	1950	1949
RAILWAY OPERATING REVENUES				
Freight	$104,393,587.79	$ 85,713,482.39	$104,942,293.41	$ 96,135,840.10
Passenger	16,696,119.81	13,659,743.73	16,524,248.20	17,596,518.06
Mail	2,900,357.14	2,625,505.68	5,412,619.04	3,165,805.05
Express	1,470,374.89	1,513,269.10	1,972,222.01	1,996,744.72
All other transportation	913,206.61	745,909.15	1,029,427.38	907,463.15
Incidental and joint facility operating revenue	3,543,408.40	3,133,432.10	3,777,309.27	3,189,984.10
Total railway operating revenues	$130,117,054.64	$107,391,342.15	$133,658,119.31	$122,992,355.18
RAILWAY OPERATING EXPENSES				
Maintenance of way and structures	$ 25,044,868.14	$ 19,949,993.54	$ 23,490,577.46	$ 20,415,918.38
Maintenance of equipment	27,270,858.13	18,532,898.51	23,052,214.35	22,587,604.03
Traffic	3,351,263.07	2,881,848.66	3,537,446.63	3,636,755.10
Transportation	48,916,774.80	41,630,675.63	50,828,791.10	51,572,249.32
Miscellaneous operations	2,189,530.89	1,776,034.57	2,144,266.97	1,993,483.28
General	3,648,473.17	3,262,259.11	3,987,497.03	4,011,270.33
Total railway operating expenses	$110,421,768.20	$ 88,033,710.02	$107,040,793.54	$104,217,280.44
Net revenue from railway operations	$ 19,695,286.44	$ 19,357,632.13	$ 26,617,325.77	$ 18,775,074.74
Railway tax accruals	12,475,000.00	11,900,000.00	15,700,000.00	11,000,000.00
Railway operating income	$ 7,220,286.44	$ 7,457,632.13	$ 10,917,325.77	$ 7,775,074.74
RENT INCOME				
Equipment rent income	$ 1,584,703.36	$ 1,372,277.98	$ 1,614,301.13	$ 1,609,623.44
Joint facility rent income	491,634.80	465,351.16	633,663.06	614,361.37
Total rent income	$ 2,076,338.16	$ 1,837,629.14	$ 2,247,964.19	$ 2,223,984.81
RENTS PAYABLE				
Equipment rents payable	$ 4,265,161.94	$ 2,508,841.93	$ 2,891,243.53	$ 2,789,318.90
Joint facility rents payable	379,239.15	347,406.81	457,378.80	455,841.74
Total rents payable	$ 4,644,401.09	$ 2,856,248.74	$ 3,348,622.33	$ 3,245,160.64
Net railway operating income	$ 4,652,223.51	$ 6,439,012.53	$ 9,816,667.63	$ 6,753,898.91
OTHER INCOME				
Income from lease of road and equipment	$ 146,670.64	$ 131,209.22	$ 161,017.95	$ 57,997.79
Miscellaneous rent income	218,278.06	213,113.88	257,820.38	270,165.07
Income from non-operating property	279,201.32	254,649.32	278,802.22	259,791.43
Separately operated properties—profit	3,545,681.02	2,975,700.53	3,654,027.48	1,434,230.76
Dividend income	3,452,795.00	3,053,995.54	3,173,233.54	3,086,278.54
Interest income	179,727.07	151,850.78	273,561.76	276,333.57
Income from sinking and other reserve funds	42,442.20	42,079.34	52,824.89	45,785.89
Release of premiums on funded debt	216.87	898.81	898.81	1,580.75
Miscellaneous income	1,536.76	4,839.40	5,889.61	1,385.86
Total other income	$ 7,866,548.94	$ 6,828,336.82	$ 7,858,076.64	$ 5,433,549.66
Total income	$ 12,518,772.45	$ 13,267,349.35	$ 17,674,744.27	$ 12,187,448.57
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 11,075.84	$ 11,789.61	$ 14,922.63	$ 14,686.96
Miscellaneous tax accruals	15,553.52	21,912.79	110,983.02	114,098.25
Miscellaneous income charges	53,823.57	19,180.61	26,279.29	38,409.05
Total miscellaneous deductions	$ 80,452.93	$ 52,883.01	$ 152,184.94	$ 167,194.26
Income available for fixed charges	$ 12,438,319.52	$ 13,214,466.34	$ 17,522,559.33	$ 12,020,254.31
FIXED CHARGES				
Rent for leased roads	$ 142,724.91	$ 142,724.91	$ 171,256.14	$ 171,256.14
Interest on funded debt	2,974,231.96	2,993,702.10	3,593,430.50	3,497,886.89
Dividends on equipment trust certificates	386,786.89	448,196.65	531,999.63	320,531.16
Interest on conditional sale agreements	757,948.80	290,219.32	369,755.68	231,612.03
Interest on unfunded debt	165,807.84	41,112.74	52,286.20	36,105.56
Amortization of discount on funded debt			23,033.02	15,679.46
Total fixed charges	$ 4,427,500.40	$ 3,915,955.72	$ 4,741,761.17	$ 4,273,071.24
Income after fixed charges	$ 8,010,819.12	$ 9,298,510.62	$ 12,780,798.16	$ 7,747,183.07
OTHER DEDUCTIONS				
Interest on certificates of indebtedness	446.00	2,014.81	2,010.81	3,792.00
NET INCOME	$ 8,010,373.12	$ 9,296,495.81	$ 12,778,787.35	$ 7,743,391.07
DISPOSITION OF NET INCOME				
Income applied to sinking and other reserve funds	42,442.20	42,079.34	1,587,673.31	45,785.89
BALANCE OF INCOME TRANSFERRED TO EARNED SURPLUS—UNAPPROPRIATED	$ 7,967,930.92	$ 9,254,416.47	$ 11,191,114.04	$ 7,697,605.18

ATLANTIC COAST LINE RAILROAD COMPANY

COMPARATIVE GENERAL BALANCE SHEET
ASSETS

		October 31 1951	December 31 1950	December 31 1949
INVESTMENTS				
Road and Equipment Property		$455,368,839.49	$410,282,462.59	$388,645,720.39
Improvements on Leased Property		221,719.59	226,593.35	237,763.06
Acquisition Adjustment		*7,760,921.59*	*7,764,047.85*	*7,764,047.85*
Donations and Grants		*1,165,698.07*	*1,307,343.31*	*1,064,393.58*
Investment in Transportation Property		$446,663,939.42	$401,637,664.78	$380,055,042.02
Accrued Depreciation—Road		*7,531,214.41*	*7,270,763.78*	*6,714,561.23*
Accrued Depreciation—Equipment		*49,236,382.10*	*47,385,971.30*	*46,280,077.13*
Accrued Amortization of Defense Projects—Road		*1,038,495.73*	*998,529.56*	*948,357.09*
Accrued Amortization of Defense Projects—Equipment		*40,511,130.63*	*38,319,801.37*	*37,932,829.07*
Investment in Transportation Property less recorded Depreciation and Amortization		$348,346,716.56	$307,662,598.85	$288,179,217.50
Sinking Funds	$134,183.42			
Less this Company's own issue	134,000.00	183.42	———	———
Capital and Other Reserve Funds	$806,934.42			
Less this Company's own issue pledged under Georgia Railroad lease	575,000.00	231,934.42	311,844.95	3,455,852.14
Miscellaneous Physical Property		3,942,661.05	3,842,115.45	3,738,003.33
		$352,521,495.45	$311,816,559.25	$295,373,072.97
Investments in Affiliated Companies:				
Stocks		$ 43,578,081.28	$ 43,608,680.28	$ 43,638,440.28
Bonds		3,100,696.90	3,100,696.90	3,100,696.90
Notes		1,744,104.90	1,518,404.90	1,294,038.23
Advances		10,307,981.88	10,780,130.20	10,361,318.38
		$ 58,730,864.96	$ 59,007,912.28	$ 58,394,493.79
Other Investments:				
Stocks		$ 190,420.03	$ 190,420.03	$ 190,520.03
Total Investments		$411,442,780.44	$371,014,891.56	$353,958,086.79
CURRENT ASSETS				
Cash		$ 8,310,172.51	$ 18,075,979.60	$ 13,586,851.54
Temporary Cash Investments		3,992,573.49	2,495,152.67	2,500,630.20
Special Deposits:				
Cash for Dividends, Interest and Debts		1,150,740.91	1,858,969.93	2,005,203.89
Traffic and Car Service Balances		701,532.85	952,591.40	1,561,169.96
Net Balance Receivable from Agents and Conductors		2,129,171.47	2,131,165.84	1,268,867.60
Miscellaneous Accounts Receivable		11,284,465.62	9,834,016.07	7,383,553.55
Material and Supplies		18,672,972.64	12,688,158.07	11,257,605.99
Interest and Dividends Receivable		858,858.63	75,570.88	104,294.65
Accrued Accounts Receivable		456,099.25	2,854,264.87	915,029.90
Other Current Assets		47,940.63	46,547.61	28,069.08
Total Current Assets		$ 47,804,528.00	$ 51,012,416.94	$ 40,611,276.36
DEFERRED ASSETS				
Working Fund Advances		$ 40,942.52	$ 41,281.80	$ 41,281.80
Insurance and Other Funds		2,357,975.09	2,419,369.66	2,475,514.02
Other Deferred Assets		268,168.09	264,789.30	334,637.61
Total Deferred Assets		$ 2,667,085.70	$ 2,725,440.76	$ 2,851,433.43
UNADJUSTED DEBITS				
Total Unadjusted Debits		$ 1,258,899.01	$ 699,829.00	$ 1,126,233.87
Securities Issued—Unpledged:				
Par value of holdings— October 31, 1951	$ 90,378,000.00			
Securities Issued—Pledged:				
Par value of holdings— October 31, 1951	37,974,000.00			
Grand Total		$463,173,293.15	$425,452,578.26	$398,547,030.45

* Italics denote credit.

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EXHIBIT 3

ATLANTIC COAST LINE RAILROAD COMPANY

COMPARATIVE GENERAL BALANCE SHEET
LIABILITIES

		October 31 1951	December 31 1950	1949
CAPITAL STOCK				
Common Stock (823,427 shares no-par value) stated value plus premiums		$ 89,348,222.76	$ 89,348,222.76	$ 89,348,222.76
Preferred Stock (par value $100 per share)		155,400.00	155,400.00	155,400.00
Total Capital Stock		$ 89,503,622.76	$ 89,503,622.76	$ 89,503,622.76
LONG TERM DEBT				
Mortgage Bonds:				
Book Liability October 31, 1951	$210,806,000.00			
Held by or for Company (of which $575,000.00 are pledged as per contra)	129,061,000.00	$ 81,745,000.00	$ 82,545,000.00	$83,374,000.00
Certificates of Indebtedness		11,100.00	11,500.00	93,300.00
Equipment Trust Certificates		17,030,000.00	19,368,000.00	22,521,000.00
Conditional Sale Agreements		59,844,304.64	24,401,294.88	10,654,267.74
Total Long Term Debt		$158,630,404.64‖	$126,325,794.88‖	$116,642,567.74‖
CURRENT LIABILITIES				
Audited Accounts and Wages Payable		$ 11,736,535.98	$ 12,335,810.84	$ 9,435,731.70
Miscellaneous Accounts Payable		2,085,838.35	2,844,918.00	2,717,379.79
Interest Matured Unpaid		100,469.98	124,923.42	121,043.24
Dividends Matured Unpaid		26,605.80	46,435.55	47,560.10
Unmatured Interest Accrued		1,099,586.57	998,064.44	975,972.50
Unmatured Dividends Declared		1,033,168.75	———	———
Accrued Accounts Payable		1,531,432.29	2,002,088.45	654,059.79
Taxes Accrued		11,865,767.07	11,282,373.77	6,405,510.30
Other Current Liabilities		554,098.80	605,180.76	444,466.80
Total Current Liabilities		$ 30,033,503.59	$ 30,239,795.23	$ 20,801,724.22
DEFERRED LIABILITIES				
Pension and Welfare Reserves		$ 1,769,301.03	$ 1,766,761.64	$ 1,800,827.80
Other Deferred Liabilities		167,183.70	263,274.49	171,203.80
Total Deferred Liabilities		$ 1,936,484.73	$ 2,030,036.13	$ 1,972,031.60
UNADJUSTED CREDITS				
Insurance Reserves		$ 957,747.15	$ 1,003,215.92	$ 987,554.01
Equalization Reserves		1,359,099.91	———	———
Other Unadjusted Credits		1,548,802.36	1,105,130.08	1,803,063.55
Accrued Depreciation—Leased Property		15,497.24	6,797.34	8,645.93
Total Unadjusted Credits		$ 3,881,146.66	$ 2,115,143.34	$ 2,799,263.49
CORPORATE SURPLUS				
Unearned Surplus		$ 9,520,311.46	$ 9,518,740.51	$ 9,516,262.98
Earned Surplus—Appropriated		1,694,341.26	1,720,862.44	169,027.97
Earned Surplus—Unappropriated		167,973,478.05	163,998,582.97	157,142,529.69
Total Corporate Surplus		$179,188,130.77	$175,238,185.92	$166,827,820.64
Grand Total		$463,173,293.15	$425,452,578.26	$398,547,030.45

‖ Does not include guaranties with respect to securities of other companies.

EXHIBIT 4

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF EARNED SURPLUS—UNAPPROPRIATED

Ten Months Ended October 31, 1951

CREDITS

Credit balance, January 1, 1951			$[illegible]8,582.97
Credit balance transferred from Income			7,967,930.92
Miscellaneous credits			175,250.95
			$172,141,764.84

DEBITS

Dividend appropriations of unappropriated surplus:			
Preferred Stock, $5.00 per share on 1,554 shares	$ 7,770.00		
Common Stock, $5.00 per share on 823,427 shares	4,117,135.00	$4,124,905.00	
Miscellaneous debits		43,381.79	4,168,286.79
Credit balance, October 31, 1951			$167,973,478.05

Year Ended December 31, 1950

CREDITS

Credit balance, January 1, 1950	$157,142,529.69
Credit balance transferred from Income	11,191,114.04
Miscellaneous credits	114,254.02
	$168,447,897.75

DEBITS

Dividend appropriations of unappropriated surplus:			
Preferred Stock, $5.00 per share on 1,554 shares	$ 7,770.00		
Common Stock, $4.00 per share on 823,427 shares	3,293,708.00	$3,301,478.00	
Abandonment of branch lines		1,086,720.04	
Miscellaneous debits		61,116.74	4,449,314.78
Credit balance, December 31, 1950			$163,998,582.97

Year Ended December 31, 1949

CREDITS

Credit balance, January 1, 1949	$153,194,645.81
Credit balance transferred from Income	7,697,605.18
Miscellaneous credits	134,733.51
	$161,026,984.50

DEBITS

Dividend appropriations of unappropriated surplus:			
Preferred Stock, $5.00 per share on 1,554 shares	$ 7,770.00		
Common Stock, $4.00 per share on 823,427 shares	3,293,708.00	$3,301,478.00	
Miscellaneous debits		582,976.81	3,884,454.81
Credit balance, December 31, 1949			$157,142,529.69

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EXHIBIT 8

TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

STATEMENT SHOWING INCOME AVAILABLE FOR INTEREST ON FUNDED DEBT

(Figures from Trustees' Reports adjusted as indicated below)

	Ten Months Ended October 31 1951	Ten Months Ended October 31 1950	Year Ended December 31 1950	Year Ended December 31 1949
RAILWAY OPERATING REVENUES				
Freight	$16,793,578.03	$14,867,359.81	$17,722,149.55	$17,025,390.77
Passenger	5,425,425.99	5,263,851.75	6,118,321.59	6,468,336.53
Mail	815,442.16	835,382.16	1,391,210.42	779,216.99
Express	303,356.72	308,886.40	431,915.24	470,172.94
Other transportation	146,503.98	85,677.82	201,026.60	160,897.28
Incidental	850,005.72	836,034.98	1,002,220.14	972,797.02
Joint facility—Credit	20,375.99	19,913.44	23,513.98	25,335.41
Railway operating revenues	$24,354,688.59	$22,217,106.36	$26,890,357.52	$25,902,146.94
RAILWAY OPERATING EXPENSES				
Maintenance of way and structures	$ 3,447,865.88	$ 4,309,102.31	$ 5,274,348.02	$ 4,661,362.49
Maintenance of equipment	4,378,368.27	3,952,521.00	4,781,939.90	4,659,486.83
Traffic	689,654.70	628,330.19	768,446.53	769,806.50
Transportation—rail line	9,538,178.87	7,876,819.86	9,681,795.43	9,756,806.99
Miscellaneous operations	822,062.73	819,354.71	972,125.67	960,976.90
General	874,294.83	825,401.88	989,343.84	995,554.42
Railway operating expenses	$19,750,425.28	$18,411,529.15	$22,464,899.39	$21,803,994.03
Net revenue from railway operations	$ 4,604,263.31	$ 3,805,577.21	$ 4,425,548.13	$ 4,098,152.91
Railway tax accruals	1,569,261.83	1,510,150.16	1,899,388.67	3,138,315.31
Railway operating income	$ 3,035,001.48	$ 2,295,427.05	$ 2,725,167.51	$ 959,837.60
Hire of equipment—Net debit	$ 1,305,512.31	$ 1,062,310.02	$ 1,226,265.23	$ 1,072,721.31
Joint facility rents—Net debit	83,257.82	82,521.74	95,892.37	91,612.09
Net railway operating income	$ 1,646,231.35	$ 1,150,595.29	$ 1,403,009.91	$ *204,495.80*
Other income	383,160.53	243,237.62	340,894.19	239,691.57
Gross income	$ 2,029,391.88	$ 1,393,832.91	$ 1,743,904.10	$ 83,195.77
DEDUCTIONS FROM GROSS INCOME				
Miscellaneous rents	$ 1,590.83	$ 1,374.08	$ 1,627.25	$ 925.43
Miscellaneous tax accruals	650.00	900.00	789.29	6,706.23
Interest on unfunded debt	—	28,253.72*	32,375.50*	1,053.14*
Amortization of discount on funded debt	53,018.60	53,788.31	65,723.71	81,306.44
Miscellaneous income charges	35,539.95	173,289.95	175,653.00	16,125.75
Total deductions	$ 90,799.38	$ 257,606.06	$ 276,148.75	$ 106,116.99
Amount available for interest on funded debt	$ 1,938,592.50	$ 1,136,226.85	$ 1,467,755.35	$ *50,921.22*

*Adjusted to exclude interest on defaulted interest.
Italics denote debits.

EXHIBIT 6

TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY
COMPARATIVE GENERAL BALANCE SHEET
(Figures from Trustees' Reports)

ASSETS

	October 31 1951	December 31 1950	December 31 1949
INVESTMENTS			
Investment in Road and Equipment	$ 94,982,104.02	$ 94,546,701.36	$ 92,369,202.45
Improvements on Leased Property	19,700.26	19,677.76	19,677.76
Donations and Grants	*1,302,463.22*	*1,096,874.89*	*1,059,644.46*
Accrued Depreciation—Road	*2,955,464.72*	*2,355,255.44*	*2,168,937.49*
Accrued Depreciation—Equipment	*11,559,580.92*	*10,958,793.60*	*10,214,983.33*
Accrued Amortization of Defense Projects—Equipment	*1,542,377.67*	*1,510,232.36*	*1,447,866.44*
Investment in Transportation Property less recorded Depreciation and Amortization	$ 77,841,917.75	$ 78,445,222.83	$ 77,488,448.44
Capital and Other Reserve Funds	2,006,854.43	1,992,116.88	2,089,467.52
Miscellaneous Physical Property	280,587.53	282,323.98	280,491.12
	$ 80,129,359.71	$ 80,719,663.69	$ 79,858,427.08
Investments in Affiliated Companies:			
Stocks	$ 882,040.66	$ 882,040.66	$ 882,040.66
Bonds	187,001.00	187,001.00	187,001.00
Unsecured Notes	188,449.13	188,449.13	—
Investment Advances	766,273.21	731,273.21	726,273.21
	$ 2,023,764.00	$ 1,988,764.00	$ 1,795,314.87
Other Investments:			
Stocks	$ 118,635.72	$ 118,635.72	$ 180,635.72
Secured Obligations	177,999.34	60,000.00	60,000.00
Unsecured Notes	1,172.67	2,133.56	1,912.63
Investment Advances	22,265.78	37,040.92	51,242.84
	$ 320,073.51	$ 217,810.20	$ 293,791.21
Total Investments	$ 82,473,197.22	$ 82,926,237.89	$ 81,917,533.16
CURRENT ASSETS			
Cash	$ 6,181,683.04	$ 6,942,775.43	$ 7,001,751.95
Temporary Cash Investments	12,000,000.00	8,000,000.00	8,000,000.00
Special Deposits	155,231.29	382,837.70	418,776.13
Loans and Bills Receivable	65,241.56	34,872.85	188,849.13
Traffic and Car Service Balances Receivable	—	—	22,343.17
Balances Receivable from Agents and Conductors	275,999.13	187,624.53	241,412.29
Miscellaneous Accounts Receivable	796,087.00	1,327,432.47	828,858.23
Material and Supplies	3,870,127.42	3,134,062.56	3,520,004.71
Interest and Dividends Receivable	70,873.90	13,645.15	13,565.15
Accrued Accounts Receivable	246,000.33	154,988.26	245,954.95
Other Current Assets	33,768.20	14,985.27	15,254.54
Total Current Assets	$ 23,695,011.87	$ 20,193,224.22	$ 20,496,770.25
DEFERRED ASSETS			
Working Fund Advances	$ 7,722.69	$ 7,522.69	$ 5,482.83
Other Deferred Assets	171,119.29	185,090.17	228,356.39
Total Deferred Assets	$ 178,841.98	$ 192,612.86	$ 233,839.22
UNADJUSTED DEBITS			
Prepayments—Rents, Interest and Insurance Premiums Paid in Advance	$ 94,151.63	$ 72,053.70	$ 121,066.02
Discount on Funded Debt	1,463,552.21	1,516,966.51	1,606,557.93
Other Unadjusted Debits	117,375.35	188,293.46	113,913.68
Total Unadjusted Debits	$ 1,675,079.19	$ 1,777,313.67	$ 1,843,537.63
Grand Total	$108,022,130.26	$105,089,388.64	$104,491,680.26

Italics denote credits.

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TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

COMPARATIVE GENERAL BALANCE SHEET

(Figures from Trustees' Reports)

LIABILITIES

		October 31 1951	December 31 1950	December 31 1949
STOCK				
Capital Stock (Common)		$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00
LONG TERM DEBT				
First Mortgage 4½% Bonds	$12,000,000.00			
Less Nominally Outstanding	3,811,000.00	$ 8,189,000.00	$ 8,189,000.00	$ 8,189,000.00
First and Refunding Mortgage 5% Bonds, Series "A"		45,000,000.00	45,000,000.00	45,000,000.00
Equipment Trust Certificates		1,545,000.00	1,648,000.00	1,854,000.00
Conditional Sale Agreements		3,015,871.81	3,545,242.27	3,460,086.42
Non-Negotiable Debt to Affiliated Companies—Open Account		1,900,000.00	1,900,000.00	1,900,000.00
Total Long Term Debt		$ 59,649,871.81	$ 60,282,242.27	$ 60,403,086.42
CURRENT LIABILITIES				
Traffic and Car Service Balances Payable		$ 935,305.92	$ 655,289.78	$ 724,818.38
Audited Accounts and Wages Payable		1,318,640.66	1,393,417.36	1,321,552.86
Miscellaneous Accounts Payable		366,084.87	526,172.88	489,713.62
Interest Matured Unpaid		85,362.26	131,060.30	175,230.92
Unmatured Interest Accrued		172,942.43	32,040.36	32,475.68
Accrued Accounts Payable		348,013.39	303,256.84	275,736.88
Taxes Accrued		*432,747.86*	*2,387,905.43*	*2,393,243.42*
Other Current Liabilities		155,610.70	316,779.23	271,850.37
Total Current Liabilities		$ 2,949,212.37	$ 970,111.32	$ 898,135.29
DEFERRED LIABILITIES				
Interest in Default		$ 53,658,666.94	$ 50,237,330.05	$ 46,233,869.73
Other Deferred Liabilities		665,426.66	669,237.52	684,623.84
Total Deferred Liabilities		$ 54,324,093.60	$ 50,906,567.57	$ 46,918,493.57
UNADJUSTED CREDITS				
Accrued Depreciation—Leased Property—Road		$ 64.83	*$ 299.04*	*$ 534.24*
Other Unadjusted Credits		114,621.24	75,607.85	365,876.94
Total Unadjusted Credits		$ 114,686.07	$ 75,408.81	$ 365,342.70
CORPORATE SURPLUS				
Unearned Surplus		$ 81.20	—	—
Earned Surplus—Unappropriated		*46,515,814.79*	*$ 44,644,941.33*	*$ 41,593,377.72*
Grand Total		$108,022,130.26	$105,089,388.64	$104,491,680.26

Italics denote debits.

EXHIBIT 7

TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

STATEMENT OF PROFIT AND LOSS
(Figures from Trustees' Reports)

Ten Months Ended October 31, 1951

DEBITS	
Debit Balance, December 31, 1950	$44,644,941.33
Debit Balance Transferred from Income	1,882,124.92
Miscellaneous Debits	10,735.09
	$46,537,801.34
CREDITS	
Miscellaneous Credits	21,986.55
Debit Balance, October 31, 1951	$46,515,814.79

Year Ended December 31, 1950

DEBITS	
Debit Balance, December 31, 1949	$41,593,377.72
Debit Balance Transferred from Income	3,029,950.30
Miscellaneous Charges	33,198.17
	$44,656,526.19
CREDITS	
Miscellaneous Credits	11,584.86
Debit Balance, December 31, 1950	$44,644,941.33

Year Ended December 31, 1949

DEBITS	
Debit Balance, December 31, 1948	$37,148,332.28
Debit Balance Transferred from Income	4,478,454.73
Miscellaneous Debits	5,036.54
	$41,631,823.55
CREDITS	
Miscellaneous Credits	38,445.83
Debit Balance, December 31, 1949	$41,593,377.72

BLEED THROUGH

POOR COPY

I, F. D. Lemmon, Secretary of Atlantic Coast Line Railroad Company, certify that the foregoing is a true and correct copy of notice of special meeting of stockholders of Atlantic Coast Line Railroad Company on January 15, 1952, and proxy statement, as mailed to each stockholder of record on the Company's books at 3:00 o'clock P.M., Eastern Standard Time, December 31, 1951.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 28th, 1952.

F. D. Lemmon
Secretary.

COPY BOUND VERTICALLY

PROXY— **It will be very much appreciated if you will promptly sign it and return in the enclosed envelope which requires no postage.**

No. of .....Shares

Atlantic Coast Line Railroad Company

Special Meeting of Stockholders, January 15, 1952

KNOW ALL MEN BY THESE PRESENTS, That the undersigned stockholder in ATLANTIC COAST LINE RAILROAD COMPANY hereby constitutes and appoints A. L. M. WIGGINS, F. B. ADAMS and C. McD. DAVIS attorneys and proxies of the undersigned, with full power of substitution, and authorizes any one of them, or any substitute or substitutes thereof, to vote the stock of the undersigned at the Special Meeting of stockholders of said Company to be held at the office of the Company in the Richmond Terminal Railway Station, Richmond, Virginia, Tuesday, January 15, 1952, at 10:00 o'clock A. M., Eastern Standard Time, and any adjournment thereof, casting the number of votes to which the undersigned is entitled, as validly and with like effect as if the undersigned were personally present and voted thereat, and especially to vote on the following proposition:

	For	Against	
(1)	☐	☐	acceptance of the Plan of Reorganization of Florida East Coast Railway Company, approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12, 1951, and October 25, 1951, in the pending Florida East Coast Railway Company reorganization proceeding, and assent to the acquisition of the properties of Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan; and authorization to the Board of Directors to consummate such Plan when confirmed by the Court and to issue such securities, make such cash payment and take such other action as may be required, all as described in the Proxy Statement.

(2) Upon any and all other matters which may properly come up for consideration (the Company knows of none), hereby ratifying and confirming all that said attorneys and proxies, their substitutes, or any of them, may lawfully do by virtue hereof.

All shares will be voted in accordance with the instructions given on this Proxy. If no instructions are indicated the Proxy will be voted "For" the proposition.

Witness the signature of the undersigned this ..... day of ....., 195....

I, F. D. Lemmon, Secretary of Atlantic Coast Line Railroad Company, certify that the above and foregoing is a true and correct copy of the proxy for special meeting of stockholders of Atlantic Coast Line Railroad Company on January 15, 1952, as mailed to each stockholder of record on the Company's books at 3:00 o'clock P.M., Eastern Standard Time, December 31, 1951.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 28th, 1952.

.....
Signature of Stockholder
Executors, Administrators, Trustees, Guardians, etc., will so indicate when signing.

Secretary.

THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF THE COMPANY

COPY

STOCKHOLDERS' MEETING
ATLANTIC COAST LINE RAILROAD COMPANY
JANUARY 15TH, 1952.

Minutes of the special meeting of stockholders of the Atlantic Coast Line Railroad Company held in the City of Richmond, Virginia, at the office of the Company on Tuesday, January 15th, 1952, at ten o'clock A. M.

The meeting was called to order by Mr. C. McD. Davis, President, and Mr. F. D. Lemmon, Secretary, announced that notice of the meeting had been published in the "News Leader", a newspaper published in the City of Richmond, Virginia, daily, except Sundays, for two weeks previous to the holding of the meeting, as per following form of notice:

"ATLANTIC COAST LINE RAILROAD COMPANY
Office of the Secretary

Notice is hereby given that a special meeting of stockholders of Atlantic Coast Line Railroad Company has been called by the Board of Directors to be held at its office in the Richmond Terminal Railway Station, Richmond, Virginia, on Tuesday, January 15, 1952, at 10:00 o'clock A. M., Eastern Standard Time, for the following purposes:

To consider and take action with respect to the recommendation of the Board of Directors that the stockholders authorize the acceptance of the Plan of Reorganization of Florida East Coast Railway Company, approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12, 1951, and October 25, 1951, in the pending Florida East Coast Railway Company reorganization proceeding, and assent to the acquisition of the properties of Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said plan; and that the Board of Directors be authorized to consummate such plan when confirmed by the court and to issue such securities, make such cash payment and take such other action as may be required all as described in the Proxy Statement.

To transact such other business as may properly come before the meeting.

Only stockholders of record on the company's books at 3:00 o'clock P. M., Eastern Standard Time, Monday, December 31, 1951, will be entitled to vote at said meeting and any adjournment thereof.

F. D. LEMMON,
December 31, 1951. Secretary."

The Secretary also announced that notice of the meeting had been mailed to each stockholder of record at the close of business on the 31st day of December, 1951, together with a Proxy Statement as required by the Federal Securities Exchange Act.

On motion, duly made and seconded, Mr. A. L. M. Wiggins was made Chairman of the meeting, and Mr. F. D. Lemmon, Secretary.

The Chairman appointed Messrs. F. D. Lemmon, C. C. Howell and Lewis F. Ormond a Committee of three to ascertain and report the number of shares of the capital stock of the Company represented at the meeting in person and by proxy. The Committee, after having examined the proxies reported that there were represented in person and by proxy 703,250 shares of the capital stock of the Company out of a total of 824,981 shares issued and outstanding, and that the proxies presented were in legal form and valid. Whereupon, the report of the Committee was received and adopted, and the Chairman declared a quorum present and the meeting duly organized and ready to proceed with its business.

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The Secretary then read the minutes of the annual meeting of the stockholders of the Company held in the City of Richmond, Virginia, on April 17th, 1951.

The Chairman stated that there is now to be considered and acted upon the proposal as set forth in the notice of this special meeting of the stockholders duly given as required by law and, by his direction, the Secretary read the preambles and resolutions adopted by the Board of Directors at its meeting held in New York City, N. Y., on December 20th, 1951, as certified by him to be correct, recommending the said proposal to the stockholders, which preambles and resolutions are as follows:

"WHEREAS, the Interstate Commerce Commission, by its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, has approved a Plan of Reorganization of the Florida East Coast Railway Company;

"WHEREAS, this Board of Directors considers that said Plan of Reorganization is in the best interests of the stockholders of this Company and does now recommend that the stockholders accept said Plan and assent to the acquisition thereunder by this Company of the properties of the Florida East Coast Railway Company and authorize the Board of Directors to consummate such Plan, when confirmed by the Court, and to issue such securities, make such cash payment and take such other action as may be required and necessary;

Now, therefore, be it

"RESOLVED, that this Board does hereby authorize and approve the call for a Special Meeting of the stockholders of Atlantic Coast Line Railroad Company to be held at the office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, on Tuesday, January 15th, 1952, at 10:00 o'clock A. M., Eastern Standard Time; that in lieu of closing the transfer books of this Company prior to said meeting, this Board does hereby fix 3:00 o'clock P. M., Eastern Standard Time, on Monday, December 31st, 1951, as the time and date of record for determination of stockholders entitled to notice of and to vote at said meeting, and that the Secretary of this Company be and he is hereby directed to give notice to the stockholders in accordance with law that they will be called on at said special meeting of the stockholders to vote on the recommendation of the Board of Directors for acceptance of the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, and assent to the acquisition of the properties of the Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan, setting forth in said notice the subject to be acted on at such special meeting.

"RESOLVED, that the foregoing preambles and resolution be and they are hereby referred to the special meeting of stockholders to be held on January 15th, 1952, in Richmond, Virginia, and that when said meeting of stockholders has been regularly convened, the Secretary be and he is hereby directed to certify to said meeting a copy of the foregoing preambles and resolution this day adopted by the Board of Directors."

The Secretary stated that the preambles and resolutions as read had been unanimously adopted by the thirteen members of the Board of Directors present at the meeting, constituting the entire membership of said Board.

Thereupon, Mr. C. McD. Davis moved, seconded by Mr. F. B. Adams, the adoption of the following resolution:

RESOLVED, that the Stockholders of Atlantic Coast Line Railroad Company in meeting assembled do hereby accept the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, in the pending Florida

COPY

East Coast Railway Company reorganization proceeding, and hereby assent to the acquisition of the properties of that Company by Atlantic Coast Line Railroad Company as provided in said Plan; and that the Board of Directors of this Company are hereby authorized to consummate such Plan when confirmed by the Court and to issue such securities, make such cash payment and take such other action as may be required, all as recommended to the Stockholders of the Company in the preambles and resolutions of the Board of Directors adopted at its meeting on December 20th, 1951, as certified to this meeting and adopted and incorporated in this resolution by reference.

The Chairman then called for the vote on the resolution to adopt the proposal and appointed Messrs. F. D. Lemmon, C. C. Howell and Lewis F. Ormond to act as Tellers to tally and report the vote of all of the stock represented in person and by proxy at the meeting for and against the proposal and the motion to adopt the same.

The Tellers after having tallied the shares of stock voted by those stockholders present and voting in person and by Messrs. A. L. M. Wiggins, F. B. Adams and C. McD. Davis, attorneys for stockholders voting by proxy, aggregating 703,250 shares, or 85.24 percent of the total shares of capital stock of the Company outstanding, reported that 700,208 shares had been voted "FOR" and 3,042 shares had been voted "AGAINST" the proposal.

The Chairman then declared that the resolution submitted to this meeting for adoption of the proposal as recommended by the Board of Directors and described in the notice of the meeting had been adopted by the affirmative vote of 700,208 shares, or 84.87 percent of the total capital stock outstanding which is in excess of the vote required by the laws of Virginia.

On motion, the meeting adjourned.

(Sgd.) A. L. M. Wiggins
Chairman of the meeting.

(Sgd.) F. D. Lemmon
Secretary of the meeting.

I, F. D. Lemmon, Secretary of Atlantic Coast Line Railroad Company, certify the above and foregoing is a true and correct copy of the minutes of special meeting of stockholders of Atlantic Coast Line Railroad Company, duly called and held in the City of Richmond, Virginia, on January 15th, 1952.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 28th, 1952.

F. D. Lemmon
Secretary.

COPY

COPY BOUND VERTICALLY

IN THE DISTRICT COURT OF THE
UNITED STATES FOR THE SOUTHERN
DISTRICT OF FLORIDA

IN PROCEEDINGS

for the Reorganization of a
Railroad - No. 4827-J

In the Matter of

FLORIDA EAST COAST RAIL-
WAY COMPANY,

Debtor

N O T I C E

HOWELL and HOWELL
Atlantic National Bank Bldg.,
Jacksonville, Florida

ALEXANDER & GREEN
120 Broadway
Borough of Manhattan
New York 5, N.Y.

Attorneys for Atlantic Coast
Line Railroad Company

EXHIBIT A
FILED IN EVIDENCE Exhibit A
FEB 5 1952
Edwin R. Williams, Clerk

CAPITAL EXPENDITURES MADE BY TRUSTEES
FOR WHICH LIENS HAVE BEEN IMPOSED BY THE COURT

Item	Court Document Number	Total Capital Cost Including Materials & Supplies	Depreciation Accrued to Dec. 31, 1951	Net Book Value at Dec. 31, 1951
5 Diesel locomotives and 28 passenger cars	547-595	$4,288,916	$483,242	$3,805,674
General additions and betterments, year 1947	588	564,851	44,866	519,985
General additions and betterments, year 1948	662	766,909	43,136	723,773
18 Diesel locomotives and servicing facilities at Fort Pierce	703	2,874,991	395,323	2,479,668
Trackage to serve State Farmers market	707	58,783	219	58,564
General additions and betterments, year 1949	765	629,909	16,925	612,984
General additions and betterments, year 1950	868	321,684	5,841	315,843
Advances to Jacksonville Terminal Company for working funds	791	81,225	-	81,225
Total		$9,587,268	$989,552	$8,597,716
Aggregate principal amount of outstanding equipment obligations on equipment listed above, as of December 31, 1951		3,336,280		3,336,280
Cash investment		$6,250,988		$5,261,436

COPY

EXHIBIT B
F.E.C. Ry
vs
FILED IN EVIDENCE
FEB - 5 1962
Edward R. Williams, Clerk

Exhibit B

EXPENDITURES UNDER REHABILITATION RESERVE PROVI[illegible]
PLAN OF REORGANIZATION CERTIFIED IN COMMISSION'S FOURTH
SUPPLEMENTAL REPORT DATED MARCH 25, 1948 (NOTE A)

Line No.		Court Document Number	Amounts Included in Reserve	Expenditures To Dec. 31, 1951	Expenditures In Excess of Reserve *
	Equipment Maturities and Cash Payments on Purchase of Equipment:				
1	15 Diesel-Electric Locomotives	403	$ 787,796	$ 1,960,291	$ 1,172,495
2	Streamlined Passenger Cars (20)	528	976,705	1,580,664	601,959
3	Payments on Equipment Trusts I&J	861	666,000	666,000	-
4	Total Equipment Payments		2,432,501	4,206,955	1,774,454
	"Other Costs":				
5	New Rail Less Salvage		4,183,000	6,307,052	2,124,052
6	Bridges		600,000	-	(600,000)
7	New Stations and Terminals		2,450,000	-	(2,450,000)
8	Shop Machinery		187,500	189,741	2,241
9	Deferred Maintenance		963,100	730,191	(232,909)
10	Salvage from Okeechobee Retirement (Credit)		(180,000)	(461,427)	(281,427)
11	Total "Other Costs"		8,203,600	6,765,557	(1,437,[illegible])
12	Total Equipment and "Other Costs"		10,636,101	10,972,512	336,411
13	Less Depreciation Accruals		4,780,550	3,077,[illegible]	1,703,[illegible]
14	Net		5,855,551	7,901,206	2,045,[illegible]
15	Construction Port Pierce Cut-off		1,170,000	1,541,922	371,922
16	Total Rehabilitation		7,025,551	9,44[illegible],128	2,416,[illegible]

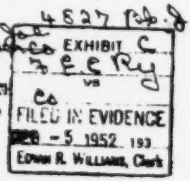
NOTE A: See Third Supplemental Report, 267 I. C. C. 363 and Fourth Supplemental Report, 267 I. C. C. 749.

* Amounts in lines 1 and 2 of this column arose by reason of payments made after December 31, 1949 on installments of Equipment Obligations; those in lines 5 and 15, because of increased cost of labor and material.

OPY

Exhibit C

FLORIDA EAST COAST RAILWAY COMPANY
IN REORGANIZATION



COMPARISON OF NET CONSIDERATION TO BE PAID BY ATLANTIC COAST LINE RAILROAD COMPANY UNDER THE THIRD AND FIFTH SUPPLEMENTAL REPORTS OF THE INTERSTATE COMMERCE COMMISSION, AT DECEMBER 31, 1951

BASED ON PAR AMOUNTS OF SECURITIES

		Under Third Supplemental Report	Under Fifth Supplemental Report	Increase or (Decrease)
1.	Amounts Payable by ACL:			
2.	Cash	$ 4,125,000	$ 4,000,000	$(125,000)
3.	First Mortgage Bond (A)	13,500,000	14,000,000	500,000
4.	Less Court Liens (B)	-	5,261,436	5,261,436
5.	Net Amount Payable	13,500,000	8,738,564	(4,761,436)
6.	Income Mortgage Bonds 4-1/4%	7,875,000	13,500,000	5,625,000
7.	Total ACL Bonds	21,375,000	22,238,564	863,564
8.	Preferred stock	9,000,000	9,000,000	-
9.	Common stock	6,000,000	6,000,000	-
10.	Total ACL Securities	36,375,000	37,238,564	863,564
11.	Gross Payable by ACL	40,500,000	41,238,564	738,564
12.	Equipment obligations assumed	4,258,107	4,258,107	-
13.	Total amount paid or assumed by ACL	$44,758,107	$45,496,671	738,564
14.	Amounts Receivable by ACL:			
15.	Cash Reserve for Stations	$ -	$ 3,000,000	$ 3,000,000
16.	Cash Working Capital	500,000	1,000,000	500,000
17.	Materials and Supplies	2,600,000	2,600,000	-
18.	Total Amount Receivable by ACL	$ 3,100,000	$ 6,600,000	$ 3,500,000
19.	Net Consideration Payable	$41,658,107	$38,896,671	$(2,761,436)

RECAPITULATION OF CASH AND WORKING CAPITAL

20.	Cash Payable by ACL	$ 4,125,000	4,000,000	$(125,000)
21.	Cash Receivable by ACL	500,000	4,000,000	3,500,000
22.	Excess Payable over Receivable	3,625,000	$ -	$(3,625,000)

(A) - Under the Third Supplemental Report, the Divisional Mortgage Bonds had an annual interest rate of 3-1/2%, and under the Fifth Supplemental Report the annual interest rate is 3-3/4%.

(B) - Section IX (A) of the Fifth Supplemental Order of the Interstate Commerce Commission, Document 938, page 255, requires amount of any liens finally imposed, to be paid in cash to extent available out of $4,000,000 after payment of FEC First Mortgage Bonds held by Trustees of First and Refunding Mortgage Bonds ($3,811,000) and remainder to be deducted from First Mortgage Bonds otherwise payable.

EXHIBIT D
T.E.C. Ry. Co. vs
FILED IN EVIDENCE
FEB - 5 1952
Exhibit D

FLORIDA EAST COAST RAILWAY CO.
IN REORGANIZATION

EXTENT TO WHICH ADDITIONAL CONSIDERATION PAYABLE BY COAST LINE UNDER 1951 PLAN OF REORGANIZATION FAILS TO COVER NET EXPENDITURES FOR IMPROVEMENTS

		1951 Plan	Former Plan	Excess over Former Plan
1	Value of Debtor's Property in Coast Line Securities	$46,500,000	$40,500,000	$6,000,000
	Market Value Coast Line Securities:			
2	First Mortgage 3-3/4% Bonds @ 96	13,440,000		$1,001,100
3	First Mortgage 3-1/2% Bonds @ 92.14*		$12,438,900	
4	Income Mortgage 4-1/4% Bonds @ 80	10,800,000	6,300,000	4,500,000
5	Preferred Stock @ 70	6,300,000	6,300,000	-
6	Common Stock @ 64	3,840,000	3,840,000	-
7	Total	34,380,000	28,878,900	5,501,100
8	Net cash payable by Coast Line (Ex. C)	-	3,625,000	(3,625,000)
9	Net Increase in Cash Value	34,380,000	32,503,900	1,876,100

EXPENDITURES FOR IMPROVEMENTS NOT INCLUDED IN REHABILITATION PROGRAM:

10	Excess Expenditures Under Rehabilitation Program (Exhibit B)	$2,419,577
	Expenditures between January 1, 1941 and December 31, 1945:	
11	Rail	2,984,176
12	Equipment	1,872,767
13	Total expenditures, January 1, 1941-December 31, 1945	4,856,943
14	Less Depreciation	429,556
15	Net expenditures, January 1, 1941-December 31, 1945	4,427,387
16	Total Excess Expenditures (Lines 10 and 15)	6,846,964
17	Less Normal Rail Charges (11 years @ $221,638)	2,438,018
18	Net Excess Expenditures for Improvements Not Covered by Liens or Rehabilitation Program	4,408,946
19	Expenditures for Improvements Secured by Court Liens (Exhibit A)	5,261,436
20	Total Expenditures Not Included Within Rehabilitation Program (Lines 18 & 19)	9,670,382
21	Amount by which Net Increase in Cash Value Resulting from 1951 Plan Fails to Cover Expenditures of Bondholders' Money for Extraordinary Improvements	7,794,282

* Using yield of 3-3/4% Bond @ 96 (4.00%) to price a similar bond having a coupon rate of 3-1/2%.

COPY

Exhibit
D-1

FLORIDA EAST COAST RAILWAY COMPANY
IN REORGANIZATION

EXHIBIT D-1
F.E.C. Ry. Co.
vs
FILED IN EVIDENCE
FEB - 5 1952
Edwin R. Williams, Clerk

SUMMARY OF EXPENDITURES FOR EXTRAORDINARY
IMPROVEMENTS MADE BY TRUSTEES 1941-1951

	Expenditures	Accrued Depreciation	Residual Value
1. Improvements Prior to Rehabilitation Program	$ 4,856,943	$ 429,556	$ 4,427,387
2. Improvements under Rehabilitation Program	12,516,434	3,071,306	9,445,128
3. Total Improvements Not Secured by Court Liens	17,373,377	3,500,862	13,872,515
4. Improvements Secured by Court Liens	6,250,968	989,552	5,261,436
5. Total	23,624,365	4,490,414	19,133,951
6. Normal Rail Renewal Liability	2,438,018	-	2,438,018
7. Net Expenditures	21,186,347	4,490,414	16,695,933

COPY

Exhibit E
4827 Pgs.

EXHIBIT E
F. E. C. Ry
vs
CO
FILED IN EVIDENCE
FEB - 5 1952
Edwin R. Williams, Clerk

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

INCOME AVAILABLE FOR FIXED CHARGES AND
FEDERAL INCOME TAXES *
YEARS 1936 - 1950

Year	Net Railway Operating Income Plus Federal Income Taxes: Freight Service	Net Railway Operating Income Plus Federal Income Taxes: Passenger Service (Deficit)	Other Income or (Deduction) Net	All Operations
1936	$1,164,368	($286,572)	$ 81,107	$ 958,903
1937	1,166,203	(424,625)	52,190	793,768
1938	1,558,734	(529,242)	(49,431)	980,061
1939	1,546,165	(802,466)	67,200	810,899
1940	1,874,223	(889,004)	8,912	994,131
1941	1,813,801	(233,274)	21,437	1,601,964
1942	5,558,523	2,445,436	111,441	8,115,400
1943	7,302,873	6,240,581	137,040	13,680,494
1944	5,043,044	5,312,440	(116,347)	10,239,137
1945	2,986,692	3,631,093	(64,580)	6,553,205
1946 As adjusted by Gordon #	3,554,774	137,976	242,094	3,934,844
1947 " " " "	4,472,179	(1,250,158)	152,259	3,374,280
1948 " " " "	5,232,263	(2,440,811)	181,122	2,972,574
1949 " " " "	5,432,114	(3,166,697)	235,936	2,501,353
1950 " " " "	5,676,600	(3,166,895)	163,093	2,672,798
Average Over Periods:				
5 years 1946-1950 inclusive	4,873,586	(1,977,317)	194,901	3,091,170
10 years 1941-1950 inclusive	4,707,286	750,969	106,350	5,564,605
15 years 1936-1950 inclusive	3,625,504	305,185	81,565	4,012,254

* Net railway operating income plus Federal Income Taxes and net of "Other Income" and "Miscellaneous Deductions from Income".

The system adjustments for all services are separated between services upon the basis of the accounts involved.

OPY

Exhibit F
FILED FOR RECORDING
FEB - 5 1957
EDWARD [illegible] Clerk

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

REVENUE TRAFFIC UNITS CARRIED - 1936-1951

Year	Revenue Net Ton Miles (000)	Revenue Passenger Miles (000)	Equated Traffic Units * (000)
1936	308,978	113,943	502,681
1937	342,844	138,847	578,884
1938	336,914	108,751	521,791
1939	347,378	121,181	553,386
1940	404,516	175,988	703,696
1941	422,165	217,115	791,261
1942	787,613	375,975	1,426,771
1943	1,342,187	638,736	2,428,038
1944	1,080,099	625,993	2,144,287
1945	830,803	601,493	1,853,341
1946	931,900	378,071	1,574,621
1947	886,949	319,126	1,429,463
1948	857,011	301,703	1,369,906
1949	723,394	252,259	1,152,234
1950	812,214	233,666	1,209,446
1951	936,000#	246,534#	1,355,108
Averages over Period:			
6 years 1946-1951	857,911	288,559	1,348,463
11 years 1941-1951	873,667	380,970	1,521,315
16 years 1936-1951	709,435	303,086	1,224,682

* Each passenger mile given a weight equal to 1.7 traffic units, this being the ratio of passenger service revenue per passenger mile to freight service revenue per net ton-mile at rate levels expected in 1952.

Month of December estimated.

OPY

Exhibit O.

EXHIBIT
F.C.C.Ry
Co
FILED
FEB - 5 1952
EDWIN H. WILLIAMS, Clerk

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

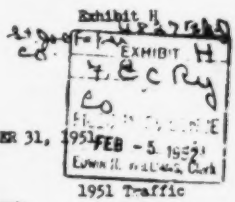
FREIGHT REVENUES ADJUSTED TO 110% OF REVENUE
PER NET TON MILE IN 1950

Year	Revenue Ton Miles (000)	Actual Revenue	Adjusted Revenue
1936	308,978	$ 5,434,470	$ 7,415,000
1937	342,844	5,558,444	8,228,000
1938	336,914	6,115,901	8,086,000
1939	347,378	5,833,618	8,337,000
1940	404,516	6,443,330	9,708,000
1941	422,165	6,485,813	10,132,000
1942	787,613	12,035,718	18,903,000
1943	1,342,187	17,057,335	32,212,000
1944	1,080,099	15,950,185	25,922,000
1945	830,803	14,279,504	19,939,000
1946	931,900	16,161,083	22,366,000
1947	886,949	16,897,616	21,287,000
1948	857,011	18,816,455	20,568,000
1949	723,394	17,025,391	17,361,000
1950	812,214	17,722,150	19,493,000
1951	936,000*	20,631,373	22,208,000
Averages over period:			
6 years 1946-1951	857,911	17,875,678	20,547,000
11 years 1941-1951	873,667	15,732,966	20,945,000
16 years 1936-1951	709,435	12,653,024	17,010,000

* Month of December estimated.

5

Exhibit H



FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

ADJUSTMENT OF 1951 REVENUES AND EXPENSES TO LEVEL OF DECEMBER 31, 1951

Line No.	Item	Actual Year 1951	Rate or Cost Level During Period (1950=100)	Rate or Cost Level At December 31 (1951=100)	1951 Traffic at December 31, 1951 Level
1	Freight Revenue - Total	$20,631,373			$21,201,000
2	January - March	5,835,688	100.0	105.0	6,127,000
3	April	2,341,534	101.0	104.0	2,435,000
4	May-August	6,013,037	102.0	102.9	6,187,000
5	September	1,089,861	104.0	101.0	1,101,000
6	October-December	5,351,253	105.0	100.0	5,351,000
7	Passenger revenues	6,509,346		110.0	7,160,000
8	Mail revenues	1,193,342		96.6	1,153,000
9	Express revenues	437,297		110.0	481,000
10	Other revenues	1,060,609		100.0	1,061,000
11	Total revenues	29,831,967			31,056,000
12	Maintenance of way & structures	4,214,052		104.0	4,383,000
13	Maintenance of equipment - Total	5,321,347*			5,520,000
14	Depreciation	796,950		100.0	797,000
15	Other maintenance of equipment	4,524,397		104.4	4,723,000
16	Transportation	11,665,756		103.9	12,121,000
17	Traffic, general and other	2,838,781		100.0	2,839,000
18	Taxes - Total	1,908,663			1,922,000
19	Payroll	879,966		101.5	893,000
20	Other	1,028,697		100.0	1,029,000
21	Equipment & joint facility rents	1,579,386		100.0	1,579,000
22	Total operating expenses, taxes and rents	27,527,985*			28,364,000
23	Net railway operating income	2,303,982			2,692,000
24	Other income less deductions	365,522			366,000
25	Income available for charges	2,669,504			3,058,000
26	Net increase				388,000

* Excludes $32,145, accelerated amortization of defense projects.

4

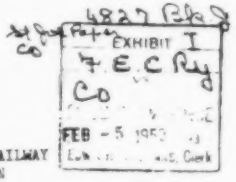


Exhibit I

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

DEBTOR'S INCOME AVAILABLE FOR FIXED CHARGES AND INCOME TAXES

Line No.	Item	Adjustments	Income Available for Charges
1	Year 1951 as reported *	$	$ 2,670,000
2	Gordon's adjustments in operating expenses	270,000	2,940,000
3	Elimination of non-recurring items from "other income"	(154,000)	2,786,000
4	Net increase resulting from rate and cost increases realized as of December 31, 1951	388,000	3,174,000
5	Prospective additional increase in 1952 of five per cent in freight rates	1,007,000	4,181,000
6	Savings in expenses upon reorganization	100,000	4,281,000
7	Potential savings upon complete dieselization	929,000	5,210,000

* Excludes $32,145, accelerated amortization of defense projects.

4927 Eq.

EXHIBIT
F.E.C.Ry.
C-0
FEB - 5 1952
Exhibit J

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

STATEMENT GIVING EFFECT TO COMMISSION'S PLAN OF
REORGANIZATION ASSUMING THAT THE EARNINGS OF THE DEBTOR'S
PROPERTY ARE THE SAME IN THE NEXT TEN YEARS AS THEY WERE IN THE LAST 10 YEARS

Year	DEBTOR'S EARNINGS				COAST LINE EARNINGS	
	Earnings Before Taxes (000)	Taxable Income * (000)	Earnings After Taxes # (000)	Earnings Retained by Coast Line ø (000)	Required for Parity** (000)	Actual Net Income After Dividends ## (000)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1942 (1952)	$ 8,115	$ 6,915	$ 4,517	$ 2,659	$ 36,455	$18,494
1943 (1951)	13,680	12,480	7,190	5,330	73,074	13,356
1944 (1954)	10,239	9,039	5,539	3,679	50,439	11,976
1945 (1955)	6,553	5,353	3,769	1,909	26,172	1,407
1946 (1956)	3,935	2,735	2,513	653	8,953	1,350
1947 (1957)	3,374	2,174	2,244	384	5,265	1,879
1948 (1958)	2,973	1,773	2,051	191	2,619	3,560
1949 (1959)	2,501	1,301	1,824	(36)	-	3,618
1950 (1960)	2,673	1,473	1,907	47	644	8,654
1951 (1961)	2,907	1,707	2,019	159	2,180	8,985
Average 10 yrs.	5,695	4,495	3,358	1,498	20,538	7,328

* Earnings less interest of $1,200,000, fixed and contingent.

\# Difference between earnings before taxes (Col. 2) and 52% of Column 3.

ø Earnings after taxes (column 4) minus $1,860,000, consisting of fixed interest of $426,350 on first mortgage bonds and equipment obligations, contingent interest of $573,750 on the income bonds, preferred dividends of $360,000 and common stock dividends of $300,000, each at $5.00 per share.

** Amount of Coast Line earnings equal to the ratio (13.71) of present outstanding shares of Coast Line stock to shares issuable to East Coast creditors.

The actual net income of Coast Line after payment of taxes and interest and after the deduction of $5.00 per share dividend upon the present outstanding shares of Coast Line preferred and common stock (824,981).

COPY BOUND CLOSE IN CENTER

EXHIBIT J-1

EXHIBIT J-1
FEB -5 1952

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

STATEMENT GIVING EFFECT TO COMMISSION'S FOURTH PLAN AND BONDHOLDERS' PLAN

	Commission's Fourth Plan (000)	Bondholders' Plan (000)
Capitalization		
First Mortgage bonds	$ 14,000	$ 20,000
Second mortgage income bonds	13,500	-
Present equipment obligations	5,146	5,146
Complete dieselization obligations		
Equipment obligations	6,720	6,720
Bonded indebtedness	1,394	1,394
Total long-term debt	40,760	33,260
Preferred stock	9,000	-
Common Stock	6,000	25,000
Total capital obligations	55,760	58,000
Income available for fixed charges and income taxes	4,600	4,600
Interest on long-term debt	1,481	1,182
Taxable income	3,119	3,418
Income taxes at 52%	1,622	1,777
Income available for return on investment	2,978	2,823
Interest on equipment obligations *	382	382
First mortgage bonds - fixed interest	525	
Second mortgage bonds - contingent interest	574	
Preferred dividends	360	
Common stock dividends	300	
Total earnings to FEC bondholders	1,759	2,441
Amount of debtor's earnings retained by ACL	837	
Difference in return to FEC bondholders		682

* Includes $56,000 interest at 4% on $1,394,000 bonds for new diesel facilities.

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Exhibit K
Sheet 1 of 2 4527 Eq
Set Book Papers
CO

EXHIBIT K
F E C Ry
vs
CO
FILED IN EVIDENCE
FEB - 5 1952
Edwin R. Williams, Clerk

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

COMPARISON OF DEBTOR'S TONNAGE BY COMMODITIES WITH
THE TONNAGE OF OTHER SOUTHERN CARRIERS

INDICES RELATED TO TONNAGE OF 1940 as 100

COMMODITY	YEAR	DEBTOR	COAST LINE	SOUTHERN	SEABOARD
Products of Agriculture	1946	583	259	178	226
	1947	403	198	143	186
	1948	478	193	129	172
	1949	449	168	118	157
	1950	427	156	117	135
Animals and Products	1946	127	179	132	167
	1947	169	174	122	159
	1948	152	142	109	143
	1949	187	125	100	142
	1950	206	120	86	140
Products of Mines	1946	316	167	148	148
	1947	373	189	174	159
	1948	310	188	175	207
	1949	190	170	131	191
	1950	319	221	157	237
Products of Forests	1946	186	171	182	178
	1947	197	170	175	167
	1948	225	183	184	188
	1949	177	148	145	155
	1950	230	174	172	183
Manufactures & Miscellaneous	1946	205	183	171	196
	1947	215	173	179	205
	1948	199	167	181	203
	1949	170	153	157	178
	1950	192	174	175	212
All L.C.L. Freight	1946	199	161	175	168
	1947	186	144	168	154
	1948	192	119	148	128
	1949	106	82	111	86
	1950	89	68	104	72
Total	1946	274	180	162	172
	1947	263	180	172	185
	1948	280	179	172	198
	1949	214	157	138	176
	1950	249	187	158	209

COPY BOUND CLOSE IN CENTER

Exhibit K
Sheet 2 of 2

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

COMPARISON OF DEBTOR'S TONNAGE BY COMMODITIES WITH
THE TONNAGE OF OTHER SOUTHERN CARRIERS

Commodity	Year	Debtor	Coast Line	Southern	Seaboard
oducts of Agriculture	1940*	262,657	1,853,602	3,668,381	1,356,311
	1946	1,531,989	4,791,817	6,542,873	3,063,270
	1947	1,057,646	3,672,440	5,244,529	2,527,159
	1948	1,255,521	3,573,883	4,720,474	2,339,610
	1949	1,179,738	3,108,544	4,321,022	2,127,091
	1950	1,121,403	2,900,483	4,295,359	1,835,513
imals and Products	1940*	54,105	180,223	420,755	141,021
	1946	68,800	321,898	557,406	235,523
	1947	91,689	313,875	513,805	224,043
	1948	82,114	256,648	458,177	201,673
	1949	101,244	225,843	421,048	199,587
	1950	111,637	215,799	362,827	197,554
oducts of Mines	1940*	272,084	7,843,137	17,636,198	8,657,071
	1946	859,149	13,064,100	26,174,194	12,800,766
	1947	1,015,632	14,827,290	30,684,112	15,886,463
	1948	843,334	14,770,295	30,889,462	17,934,880
	1949	516,960	13,307,864	23,074,313	16,504,534
	1950	869,248	17,304,266	27,676,985	20,512,561
oducts of Forests	1940*	254,355	4,164,796	4,111,865	3,372,945
	1946	473,559	7,117,812	7,486,957	6,013,324
	1947	501,121	7,069,400	7,182,186	5,018,498
	1948	573,488	7,613,010	7,572,678	6,352,160
	1949	449,031	6,171,573	5,978,001	5,230,302
	1950	586,131	7,252,756	7,082,232	6,169,523
nufactures & Miscel-laneous	1940*	838,259	5,918,251	11,315,839	5,044,596
	1946	1,715,796	10,812,292	19,330,969	9,909,436
	1947	1,805,827	10,224,400	20,298,479	10,319,981
	1948	1,667,276	9,897,054	20,429,922	10,252,979
	1949	1,423,497	9,026,293	17,729,798	8,971,243
	1950	1,607,568	10,286.119	19,856,475	10,687,081
l L.C.L. Freight	1940*	65,636	501,190	1,263,261	444,764
	1946	130,459	807,923	2,214,000	749,088
	1947	121,766	720,866	2,121,991	685,349
	1948	125,772	594,785	1,874,945	568,396
	1949	69,289	409,913	1,403,084	380,284
	1950	58,518	340,227	1,308,132	321,263
tal	1940*	1,747,096	20,460,999	38,416,299	19,016,708
	1946	4,779,752	36,915,842	62,306,399	32,771,407
	1947	4,593,681	36,828,271	66,045,102	35,261,493
	1948	4,547,505	36,705,675	65,945,658	37,649,698
	1949	3,739,759	32,200,030	52,917,266	33,413,041
	1950	4,354,505	38,299,630	40,582,010	39,723,495

* Tonnage of Atlanta, Birmingham and Coast Railway included in 1940 figures of Coast Line to establish comparability with later years.

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Exhibit L

EXHIBIT L
F. E. & P. Ry
Co
FILED IN EVIDENCE
FEB - 5 1952 193
EDWIN R. WILLIAMS, Clerk

COMPARATIVE TRAFFIC AND OPERATING CHARACTERISTICS

Freight Service

Line	Item	Debtor	Coast Line	Southern	Seaboard
	A --- 5-YEAR PERIOD 1946-1950				
1	Average haul per ton (miles)	191	208	218	222
2	Density (revenue ton miles per mile road (000))	1,413	1,363	2,101	1,921
3	Gross ton miles per train hour	33,382	28,645	29,804	35,719
4	Average cars, loaded and empty, per train mile	45.5	41.6	39.9	46.6
5	Average loaded cars per train mile	26.3	26.6	27.7	30.8
6	Average speed (train miles per train hour)	17.9	16.0	17.0	17.1
7	Average freight revenue per train mile	$13.19	$8.94	$10.06	$10.75
8	Average annual revenue per mile of road	$29,068	$17,796	$29,361	$23,855
9	Average revenue per ton mile	2.06¢	1.31¢	1.40¢	1.24¢
	B --- 5-YEAR PERIOD 1941-1945				
1	Average haul per ton (miles)	222	226	233	240
2	Density (revenue ton miles per mile road (000))	1,307	1,537	2,178	1,749
3	Gross ton miles per train hour	29,724	28,624	24,444	29,828
4	Average cars, loaded and empty, per train mile	42.4	41.7	33.6	41.4
5	Average loaded cars per train mile	25.9	26.2	22.8	27.5
6	Average speed (train miles per train hour)	17.0	16.5	16.8	16.5
7	Average freight revenue per train mile	$9.85	$7.43	$6.72	$7.46
8	Average annual revenue per mile of road	$19,270	$17,032	$24,913	$18,298
9	Average revenue per ton mile	1.47¢	1.11¢	1.14¢	1.05¢
	C --- 5-YEAR PERIOD 1936-1940				
1	Average haul per ton (miles)	234	167	205	186
2	Density (revenue ton miles per mile road (000))	505	506	1,064	675
3	Gross ton miles per train hour	27,061	22,126	22,529	25,338
4	Average cars, loaded and empty, per train mile	42.4	35.5	34.4	39.9
5	Average loaded cars per train mile	23.8	22.0	22.8	25.7
6	Average speed (train miles per train hour)	17.6	17.6	17.1	16.7
7	Average freight revenue per train mile	$6.81	$4.75	$5.18	$5.31
8	Average annual revenue per mile of road	$8,530	$6,750	$12,229	$7,634
9	Average revenue per ton mile	1.69¢	1.33¢	1.15¢	1.13¢
	D --- 15-YEAR PERIOD 1936-1950				
1	Average haul per ton (miles)	210	208	221	222
2	Density (revenue ton miles per mile road (000))	1,058	1,139	1,776	1,440
3	Gross ton miles per train hour	30,409	27,141	25,653	30,806
4	Average cars, loaded and empty, per train mile	43.6	40.2	35.8	42.9
5	Average loaded cars per train mile	25.5	25.3	24.4	28.3
6	Average speed (train miles per train hour)	17.5	16.6	16.9	16.8
7	Average freight revenue per train mile	$10.35	$7.33	$7.38	$8.12
8	Average annual revenue per mile of road	$18,477	$13,951	$22,091	$16,490
9	Average revenue per ton mile	1.75¢	1.22¢	1.24¢	1.15¢

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COMPARATIVE TRAFFIC AND OPERATING CHARACTERISTICS

Passenger Service

Line		Debtor	Coast Line	South-ern	Sea-board
	A --- 5-YEAR PERIOD 1946-1950				
1	Average journey in miles	280	274	175	341
2	Density-Passenger miles per mile of road	752	254	175	218
3	Passengers per train mile	159	115	87	105
4	Average all cars per train	13.1	11.0	9.3	10.5
5	Average passenger cars per train	8.4	6.2	4.9	5.7
6	Average speed (train miles per train hour)	41.7	37.9	31.8	38.9
7	Passenger revenue per mile of road	$18,058	$5,523	$4,186	$5,009
8	Passenger train revenue per mile of road	$21,838	$7,088	$6,252	$6,568
9	Passenger revenue per train mile	$3.81	$2.50	$2.07	$2.41
10	Passenger train revenue per train mile	$4.61	$3.21	$3.09	$3.16
11	Average revenue per passenger mile	2.40¢	2.18¢	2.39¢	2.30¢
	B --- 5-YEAR PERIOD 1941-1945				
1	Average journey in miles	260	255	183	389
2	Density-Passenger miles per mile of road	1,245	534	368	504
3	Passengers per train-mile	233	190	164	201
4	Average all cars per train	12.7	11.0	8.9	10.4
5	Average passenger cars per train	8.8	6.5	5.4	6.4
6	Average speed (train miles per train hour)	40.0	36.7	32.2	35.1
7	Passenger revenue per mile of road	$25,316	$10,118	$7,904	$9,715
8	Passenger train revenue per mile of road	$28,442	$11,653	$9,286	$10,983
9	Passenger revenue per train mile	$4.73	$3.60	$3.52	$3.88
10	Passenger train revenue per train mile	$5.32	$4.14	$4.14	$4.39
11	Average revenue per passenger mile	2.03¢	1.89¢	2.15¢	1.93¢
	C --- 5-YEAR PERIOD 1936-1940				
1	Average journey in miles	266	199	113	201
2	Density-Passenger miles per mile of road	334	104	84	99
3	Passengers per train mile	90	53	44	48
4	Average all cars per train	12.0	9.1	6.9	7.1
5	Average passenger cars per train	7.9	5.1	3.7	3.6
6	Average speed (train miles per train hour)	40.2	37.3	32.3	35.8
7	Passenger revenue per mile of road	$6,544	$1,969	$1,525	$1,770
8	Passenger train revenue per mile of road	$8,416	$2,880	$2,438	$2,538
9	Passenger revenue per train mile	$1.77	$1.01	$.81	$.86
10	Passenger train revenue per train mile	$2.28	$1.48	$1.29	$1.23
11	Average revenue per passenger mile	1.96¢	1.89¢	1.83¢	1.79¢
	D --- 15-YEAR PERIOD 1936-1950				
1	Average journey in miles	267	231	166	308
2	Density-Passenger miles per mile of road	777	288	206	274
3	Passengers per train mile	169	125	101	124
4	Average all cars per train	12.7	10.4	8.4	9.4
5	Average passenger cars per train	8.4	6.0	4.7	5.3
6	Average speed (train miles per train hour)	40.6	37.8	32.1	36.5
7	Passenger revenue per mile of road	$16,639	$5,715	$4,464	$5,300
8	Passenger train revenue per mile of road	$19,565	$7,048	$5,887	$6,698
9	Passenger revenue per train mile	$3.68	$2.48	$2.18	$2.48
10	Passenger train revenue per train mile	$4.26	$3.06	$2.88	$3.02
11	Average revenue per passenger mile	2.14¢	1.98¢	2.16¢	2.01¢

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EXHIBIT M
F.E.C.Ry
vs
Co
FILED IN EVIDENCE
FEB - 5 1954
EDWIN R. WILLIAMS, Clerk

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

RELATIVE EARNING CAPACITY - FREIGHT SERVICE

AVERAGE FOR YEARS 1946-1950

Line No.	Item	Debtor	Coast Line	Southern	Seaboard
	A. PERCENT OF REVENUES				
1	Maintenance of Way and Structures - Total	17.20%	18.45%	13.38%	15.00%
2	Depreciation	1.56	.85	1.03	1.11
3	Amortization	-	.04	-	-
4	Retirements	1.15	.17	.33	.18
5	Repairs and other	14.49	17.39	12.02	13.71
6	Maintenance of Equipment - total	10.56	14.91	16.53	15.06
7	Depreciation	1.35	2.06	2.54	2.41
8	Amortization	-	.24	.15	.06
9	Retirements	-	(.02)	(.01)	(.03)
10	Repairs and other	9.21	12.63	13.85	12.62
11	Traffic expenses	1.81	2.34	1.42	2.20
12	Transportation expenses	32.95	39.20	34.75	34.54
13	Miscellaneous expenses	-	-	-	.13
14	General expenses	3.29	2.82	2.80	2.47
15	Total Operating Expenses	65.81	77.72	68.88	69.40
16	Taxes (including income)	4.41	8.21	11.51	8.79
17	Operating rents - net	6.68	1.71	1.87	2.56
18	Net railway operating income	23.10	12.36	17.74	19.25
	B. PER MILE OF ROAD				
19	Operating revenues	$29,327	$18,182	$29,954	$24,372
20	Maintenance of Way and Structures - Total	5,043	3,355	4,007	3,657
21	Depreciation	456	154	309	271
22	Amortization	-	6	-	1
23	Retirements	337	32	100	43
24	Repairs and other	4,250	3,163	3,598	3,342
25	Total Operating Expenses	19,299	14,132	20,633	16,913
26	Net operating revenue	10,028	4,050	9,321	7,458
27	Net railway operating income	6,775	2,247	5,313	4,693
	C. PER TRAIN-MILE				
28	Operating revenue	$13.31	$ 9.14	$10.27	$10.98
29	Maintenance of equipment - total	1.41	1.36	1.70	1.65
30	Repairs and other	1.22	1.15	1.42	1.39
31	Net operating revenue	4.55	2.03	3.19	3.36
32	Net railway operating income	3.07	1.13	1.82	2.11

( ) Denotes reverse item

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FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

RELATIVE EARNING CAPACITY - FREIGHT SERVICE

AVERAGE FOR YEARS 1936-1950

Line No.	Item	Debtor	Coast Line	Southern	Seaboard
	A. PERCENT OF REVENUES				
1	Maintenance of Way and Structures - Total	15.35%	14.13%	12.28%	14.84%
2	Depreciation	1.24	.59	.78	.76
3	Amortization	-	.04	.02	.48
4	Retirements	.56	.15	.19	.14
5	Repairs and other	13.55	13.35	11.29	13.46
6	Maintenance of Equipment - Total	10.22	16.85	17.09	16.58
7	Depreciation	1.72	2.29	2.44	2.62
8	Amortization	.10	2.83	1.44	1.49
9	Retirements	-	-	-	(.01)
10	Repairs and other	8.40	11.73	13.21	12.48
11	Traffic expenses	1.76	2.30	1.31	2.44
12	Transportation expenses	30.78	35.25	31.78	33.56
13	Miscellaneous expenses	-	-	-	.11
14	General expenses	3.26	2.62	2.64	2.60
15	Total Operating Expenses	61.28	71.08	65.10	70.09
16	Taxes (including income)	7.35	13.06	13.86	8.60
17	Operating rents - net	6.72	2.58	2.12	3.14
18	Net railway operating income	24.65	13.28	18.92	18.17
	B. PER MILE OF ROAD				
19	Operating revenues	$18,651	$14,256	$22,543	$16,834
20	Maintenance of Way and Structures - Total	2,862	2,014	2,768	2,498
21	Depreciation	232	83	175	128
22	Amortization	-	6	5	81
23	Retirements	104	22	44	23
24	Repairs and other	2,526	1,903	2,544	2,266
25	Total Operating Expenses	11,430	10,133	14,676	11,799
26	Net operating revenue	7,221	4,123	7,868	5,035
27	Net railway operating income	4,597	1,894	4,264	3,058
	C. PER TRAIN-MILE				
28	Operating revenue	$10.45	$ 7.50	$ 7.53	$ 8.29
29	Maintenance of Equipment - total	1.07	1.26	1.29	1.37
30	Repairs and other	.88	1.19	.99	1.03
31	Net operating revenue	4.05	2.17	2.63	2.48
32	Net railway operating income	2.58	1.00	1.42	1.51

( ) Denotes reverse item

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FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

RELATIVE EARNING CAPACITY - PASSENGER SERVICE

AVERAGE FOR YEARS 1946-1950

Line No.	Item	Debtor	Coast Line	Southern	Seaboard
	A. PERCENT OF REVENUES				
1	Maintenance of Way and Structures - Total	18.83%	22.90%	17.58%	18.76%
2	Depreciation	1.96	.99	1.47	1.33
3	Amortization	-	.05	-	.01
4	Retirements	.04	.20	.39	.21
5	Repairs and other	16.83	21.66	15.72	17.21
6	Maintenance of Equipment - Total	30.66	26.89	27.34	29.09
7	Depreciation	4.95	3.04	2.47	3.93
8	Amortization	.59	.47	.41	.62
9	Retirements	-	-	-	(.03)
10	Repairs and other	25.12	23.38	24.46	24.57
11	Traffic expenses	4.52	3.67	3.80	5.74
12	Transportation expenses	47.50	49.78	56.70	52.41
13	Miscellaneous expenses	9.58	7.42	6.42	9.95
14	General expenses	4.25	3.38	4.29	3.74
15	Total Operating Expenses	115.34	114.04	116.13	119.69
16	Taxes (including income)	7.80	7.29	9.26	6.47
17	Operating rents - net	.57	1.10	.88	1.56
18	Net railway operating income	(23.71)	(22.43)	(26.27)	(27.72)
	B. PER MILE OF ROAD				
19	Operating revenues	$24,126	$7,624	$6.683	$7,234
20	Maintenance of Way and Structures - Total	4,543	1,746	1,175	1,357
21	Depreciation	473	75	98	96
22	Amortization	-	4	-	-
23	Retirements	9	15	26	16
24	Repairs and other	4,061	1,652	1,051	1,245
25	Total Operating Expenses	27,828	8,694	7,761	8,658
26	Net operating revenue	(3,702)	(1,070)	(1,078)	(1,424)
27	Net railway operating income	(5,721)	(1,710)	(1,756)	(2,005)
	C. PER TRAIN-MILE				
28	Operating revenue	$ 5.09	$ 3.45	$ 3.30	$ 3.48
29	Maintenance of Equipment - Total	1.56	.93	.90	1.01
30	Repairs and other	1.28	.81	.81	.86
31	Net operating revenue	(.78)	(.48)	(.53)	(.69)
32	Net railway operating income	(1.21)	(.77)	(.87)	(.96)

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FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

RELATIVE EARNING CAPACITY - PASSENGER SERVICE

AVERAGE FOR YEARS 1936-1950

Line No.	Item	Debtor	Coast Line	South-ern	Sea-board
	A. PERCENT OF REVENUES				
1	Maintenance of Way and Structures - total	13.74%	15.32%	13.49%	14.60%
2	Depreciation	1.16	.58	.86	.70
3	Amortization	-	.04	.02	.53
4	Retirements	.02	.15	.18	.14
5	Repairs and other	12.56	14.55	12.43	13.23
6	Maintenance of Equipment - total	24.19	22.44	20.18	21.81
7	Depreciation	4.27	2.60	1.91	3.17
8	Amortization	1.07	1.75	.72	.53
9	Retirements	-	-	-	(.01)
10	Repairs and other	18.85	18.09	17.55	18.12
11	Traffic expenses	3.69	2.83	2.63	4.29
12	Transportation expenses	37.71	40.50	40.97	38.52
13	Miscellaneous expenses	6.87	5.55	4.78	7.51
14	General expenses	3.64	2.58	3.01	2.97
15	Total Operating Expenses	89.82	89.24	85.05	89.69
16	Taxes (including income)	10.95	16.71	18.20	9.67
17	Operating rents - net	.81	1.94	1.48	2.36
18	Net railway operating income	(1.58)	(7.89)	(4.73)	(1.72)
	B. PER MILE OF ROAD				
19	Operating revenues	$21,137	$7,478	$6,194	$7,249
20	Maintenance of Way and Structures - Total	2,903	1,146	835	1,058
21	Depreciation	245	43	53	51
22	Amortization	-	3	1	38
23	Retirements	4	11	11	10
24	Repairs and other	2,654	1,089	770	959
25	Total Operating Expenses	18,985	6,673	5,268	6,502
26	Net operating revenue	2,151	805	926	747
27	Net railway operating income	(335)	(590)	(293)	(125)
	C. PER TRAIN-MILE				
28	Operating revenue	$ 4.60	$ 3.24	$ 3.03	$ 3.27
29	Maintenance of Equipment - Total	1.11	.73	.61	.71
30	Repairs and other	.87	.59	.53	.59
31	Net operating revenue	47	.35	.45	.34
32	Net railway operating income	(.07)	(.26)	(.14)	(.06)

( ) Denotes reverse item or deficit

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FLORIDA EAST COAST RAILWAY
IN REORGANIZATION

RELATIVE EARNING CAPACITY - ALL SERVICES

Line No.	Item	Debtor	Coast Line	Southern	Seaboard
	Average for Years 1946-1950				
	A. PERCENTAGE OF REVENUE				
1	Maintenance of Way and Structures - total	17.77%	19.44%	14.03%	15.72%
2	Depreciation	1.70	.88	1.10	1.16
3	Amortization	-	.04	-	-
4	Retirements	.76	.18	.34	.19
5	Repairs and other	15.31	18.34	12.59	14.37
	B. PER MILE OF ROAD				
6	Maintenance of Way and Structures - total	$8,054	$4,535	$4,949	$4,715
7	Repairs and other	6,942	4,279	4,440	4,312
	C. PER EQUATED TRACK MILE				
8	Maintenance of Way and Structures - total	$4,711	$3,664	$4,050	$3,971
9	Repairs and other	4,060	3,457	3,634	3,632
	Average for Years 1936-1950				
	A. PERCENTAGE OF REVENUE				
1	Maintenance of Way and Structures - total	14.69%	14.44%	12.51%	14.78%
2	Depreciation	1.21	.58	.79	.75
3	Amortization	-	.04	.02	.49
4	Retirements	.34	.15	.19	.14
5	Repairs and other	13.14	13.67	11.51	13.40
	B. PER MILE OF ROAD				
6	Maintenance of Way and Structures - total	$4,610	$2,790	$3,483	$3,310
7	Repairs and other	4,125	2,640	3,203	3,001
	C. PER EQUATED TRACK MILE				
8	Maintenance of Way and Structures - total	$2,757	$2,246	$2,852	$2,820
9	Repairs and other	2,466	2,126	2,623	2,558

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EXHIBIT N
F. E. C. Ry
vs
Co
FILED IN EVIDENCE
FEB - 6 1952
Edwin R. Williams, Clerk

EXHIBIT N

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO OR FROM PLANT OF ST. JOE PAPER COMPANY, PORT ST. JOE, FLORIDA
JANUARY 1, 1947—DECEMBER 31, 1951, INCLUSIVE

DATE	ARTICLE	WEIGHT	F.E.C. REVENUE
1947	Sheet pulpboard	23,960 lbs.	59.76
1948	3 Bags iron castings	355 lbs.	.76
	Pulpboard	51,464 lbs.	183.29
1949	None	None	None
1950	None	None	None
1951	Reinforcing bars	867,200	2,958.93
TOTAL - 5 YEARS	1947-1951, INCLUSIVE		3,202.74

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EXHIBIT N-1

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO APALACHICOLA NORTHERN RAILROAD FOR ITS USE
JANUARY 1, 1947-DECEMBER 31, 1951, INCLUSIVE

YEAR	ARTICLE	WEIGHT	F.E.C. REVENUE
1947	None	None	None
1948	File cabinets	385 lbs.	3.04
1949	None	None	None
1950	None	None	None
1951	Rail frogs	30,000 lbs.	38.88
TOTAL - 5 YEARS	1947-1951 INCLUSIVE		41.92

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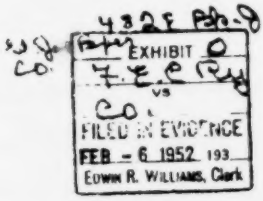

EXHIBIT O

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO FLORIDA NATIONAL BANK AT BELLE GLADE, BELLE GLADE, FLORIDA
JANUARY 1, 1947-DECEMBER 31, 1951, INCLUSIVE

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1947			
Jan. 15, 1947	4 carton coin wrappers	7.33	
July 5, 1947	4 cartons envelopes	3.28	
Oct. 1, 1947	3 cartons of stationery	2.58	
Total 1947		13.19	
1948			
Jan. 12, 1948	3 cartons of stationery	3.32	
April 3, 1948	4 cartons of stationery	4.14	
June 7, 1948	2 cartons of envelopes	3.42	
Total 1948		10.88	
1949			
May 16, 1949	1 crate chairs	4.87	
June 13, 1949	2 cartons stationery	4.49	
Sept. 14, 1949	2 cartons checks	5.30	
Total 1949		14.66	
1950			
March 27, 1950	5 cartons stationery	4.89	
Oct. 5, 1950	2 cartons stationery	4.35	
March 27, 1950	1 crate chairs	5.17	
Total 1950		14.41	
1951			
Jan. 10, 1951	3 cartons stationery	4.35	
Total 1951		4.35	
TOTAL - 5 YEARS 1947-1951, INCLUSIVE		57.49	

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EXHIBIT O-1

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO FLORIDA NATIONAL BANK, CORAL GABLES, FLORIDA
JANUARY 1, 1947--DECEMBER 31, 1951. INCLUSIVE

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
947			
F. 22, 1947	9 cartons printed forms	9.56	
ne 2, 1947	6 cartons printed forms	6.38	
pt.22, 1947	1 carton envelopes	1.96	
v. 18, 1947	4 cartons printed forms	5.69	----
tal 1947		23.59	-
948			
F. 23, 1948	4 cartons printed deposit tickets	9.17	
y 11, 1948	5 boxes envelopes	4.74	
ly 2, 1948	2 cartons printed forms	3.33	
v. 24, 1948	3 cartons printed forms	3.33	----
tal 1948		20.57	
949			
ne 3, 1949	3 cartons printed forms	3.84	
t. 20, 1949	16 cartons printed form	22.11	
v. 17, 1949	3 Vns Printed Forms	3.63	----
otal 1949		29.58	-
950			
ar. 15, 1950	9 cartons printed forms	7.97	
ar. 21, 1950	2 Ct. steel file	3.84	
ar. 24, 1950	9 cartons printed forms	14.50	
pr. 5, 1950	58 Ppr coin wrappers	22.67	
ly 7, 1950	49 pkgs. paper coin wrappers	19.16	
t. 26, 1950	4 cartons coin wrappers, flat or FP	9.31	----
otal 1950		77.45	-
951			
an. 12, 1951	1 hand truck	3.09	
pr. 5, 1951	5 cartons printed forms	4.72	
pr. 27, 1951	9 cartons printed forms	15.53	----
otal 1951		23.34	-
		----	----
OTAL - 5 YEARS	1947--1951, INCLUSIVE	174.53	-
		====	====

COPY BOUND CLOSE IN CENTER

EXHIBIT O-2

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO THE FLORIDA BANK AND TRUST COMPANY, DAYTONA BEACH, FLORIDA
JANUARY 1, 1947--DECEMBER 31, 1951. INCLUSIVE

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1947			
Jan. 25, 1947	Unknown*	5.26	
Apr. 19, 1947	Unknown*	3.07	
May 7, 1947	Unknown*	6.95	
Aug. 14, 1947	Unknown*	1.96	
Sept.17, 1947	Unknown*	1.83	
Sept.25, 1947	Unknown*	4.91	
Oct. 11, 1947	Unknown*	3.28	
Dec. 4, 1947	Unknown*	3.25	____
Total 1947		30.51	-
1948			
Sept.17, 1948	3 cartons dredges sheet	8.36	
Sept.30, 1948	2 cartons printed matter	5.90	
Oct. 6, 1948	1 drum soap	2.58	____
Total 1948		16.84	-
1949			
Jan. 10, 1949	12 cartons printed forms	14.95	
May 9, 1949	3 cartons check books	6.74	
May 24, 1949	1 carton hand sprayers and 1 drum liquid soap	3.13	
Dec. 6, 1949	7 cartons printed matter	9.06	____
Total 1949		33.88	-
1950			
Apr. 7, 1950	1 carton cot. wpg. glo	2.52	____
Total 1950		2.52	-
1951			
Apr. 6, 1951	13 cartons printed forms	18.85	____
Total 1951		18.85	-
TOTAL - 5 YEARS 1947--1951, INCLUSIVE		102.60	-

*Freight bills for 1947 are not available. Amounts paid in freight charges taken from other bank records.

COPY BOUND CLOSE IN CENTER

EXHIBIT 0-3

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO FLORIDA BANK AT FORT PIERCE, FORT PIERCE, FLORIDA
JANUARY 1, 1947--DECEMBER 31, 1951, INCLUSIVE

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1947			
Jan. 13, 1947	4 cartons envelopes	3.23	
Jan. 14, 1947	5 cartons printed forms	2.91	
Feb. 11, 1947	1 carton books	No Charge	
Mar. 14, 1947	2 cartons envelopes		1.84
Apr. 18, 1947	Janitor's supplies	3.05	
June 12, 1947	2 cartons printed forms	2.47	
Dec. 1, 1947	1 carton calendars and paper printed	3.07	
Dec. 24, 1947	1 carton steel filing cabinet		7.35
Total 1947		14.73	9.19
1948			
Apr. 19, 1948	3 cartons envelopes		2.38
June 8, 1948	Steel safe	5.08	
July 23, 1948	File cabinets	9.31	
July 23, 1948	File cabinets	4.66	
Aug. 5, 1948	1 carton envelopes		1.70
Aug. 6, 1948	2 cartons envelopes		2.30
Aug. 6, 1948	Filing cabinets	7.68	
Aug. 7, 1948	Filing cabinets	4.66	
Aug. 13, 1948	Filing cabinets	11.06	
Sept.23, 1948	Paper Flat File Folders	3.75	
Sept.25, 1948	4 cartons calendars	4.73	
Oct. 9, 1948	Printed forms	7.67	
Oct. 18, 1948	1 carton deposit slips	No Charge	
Total 1948		58.60	6.38
1949			
July 6, 1949	Janitor's supplies		3.34
Sept. 6, 1949	4 cartons calendars	4.57	
Total 1949		4.57	3.34
1950			
Feb. 21, 1950	5 cartons calendars	5.59	
Apr. 25, 1950	7 cartons printed forms	9.09	
July 3, 1950	10 cartons printed forms	8.76	
Oct. 20, 1950	2 cartons envelopes		2.43
Nov. 30, 1950	3 cartons envelopes		1.87
Total 1950		23.44	4.30
1951			
Jan. 3, 1951	Janitor's supplies		2.97
Jan. 16, 1951	1 Hand truck	2.87	
Feb. 20, 1951	4 cartons envelopes	4.05	
Aug. 6, 1951	8 cartons envelopes		4.97
Aug. 15, 1951	7 cartons envelopes		3.25
Aug. 31, 1951	3 cartons envelopes		2.04
Sept.11, 1951	1 carton calendars	4.23	

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EXHIBIT 0-4

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1951 (cont'd)			
Oct. 3, 1951	2 boxes vault parts		30.99
Oct. 3, 1951	1 carton address machine	22.31	
Oct. 31, 1951	1 carton envelopes		2.12
Nov. 26, 1951	2 cartons envelopes		2.78
Total 1951		33.46	49.05
TOTAL - 5 YEARS 1947--1951, INCLUSIVE		134.80	72.26

EXHIBIT 0-5

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO FLORIDA BANK & TRUST CO., WEST PALM BEACH, FLORIDA
JANUARY 1, 1947--DECEMBER 31, 1951, INCLUSIVE

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1947			
Aug. 25, 1947	Unknown*	5.84	
Total 1947		5.84	
1948			
Mar. 11, 1948	Unknown*	7.71	
Apr. 19, 1948	Unknown*	22.93	
May 25, 1948	Unknown*	3.31	
Nov. 8, 1948	Unknown*	12.66	
Dec. 17, 1948	Unknown*	12.41	
Dec. 28, 1948	Unknown*	17.20	
Total 1948		76.22	
1950			
Nov. 2, 1950	7 cartons printed forms	9.06	
Total 1950		9.06	
1951			
Mar. 14, 1951	7 cartons printed forms	9.61	
Aug. 29, 1951	7 cartons printed forms	9.42	
Aug. 29, 1951	9 cartons printed forms	14.50	
Nov. 6, 1951	7 cartons printed forms	9.99	
Aug. 27, 1951	25 cartons envelopes		5.39
Sept. 20, 1951	15 cartons envelopes		3.46
Total 1951		43.52	8.85
TOTAL 5 YEARS - 1947-1951 INCLUSIVE		134.64	8.85

*Freight bills for 1947, 1948 and 1949 are not available. Amounts paid in freight charges taken from other bank records.

EXHIBIT O-6

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE LINE OF THE FLORIDA EAST COAST RAILWAY TO FLORIDA NATIONAL BANK AND TRUST COMPANY AT MIAMI, MIAMI, FLORIDA JANUARY 1, 1947--DECEMBER 31, 1951, INCLUSIVE

B A N K I N G O P E R A T I O N

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1947			
Jan. 16, 1947	100 cartons coin wraps	30.83	
Feb. 3, 1947	1 crate check protec. machine	22.02	
Feb. 28, 1947	75 cartons coin wraps	26.86	
Mar. 22, 1947	8 cartons printed forms	15.15	
Mar. 27, 1947	2 bdls. printed forms	2.66	
Apr. 9, 1947	2 cartons printed forms	2.66	
May 5, 1947	11 cartons envelopes		10.51
May 26, 1947	20 cartons envelopes	18.35	
May 27, 1947	21 cartons envelopes	19.89	
June 4, 1947	5 cartons printed forms	5.85	
June 12, 1947	31 cartons envelopes	31.43	
June 16, 1947	21 cartons envelopes	27.81	
July 21, 1947	1 carton paper tags	1.96	
July 9, 1947	6 cartons sales tickets	4.31	
Sept. 2, 1947	1 carton forms		1.61
Sept.19, 1947	2 boxes envelopes		2.11
Oct. 13, 1947	1 carton KD FA trucks	3.47	
Oct. 27, 1947	20 cartons envelopes	13.39	
Oct. 23, 1947	2 cartons printed forms	2.66	
Nov. 11, 1947	16 cartons printed forms	17.54	
Nov. 19, 1947	2 boxes seals, lead, cord	4.19	
Dec. 26, 1947	2 cartons printed forms	2.93	
Dec. 30, 1947	1 box cotton bags	3.03	
Total 1947		256.99	14.23
1948			
Jan. 10, 1948	10 cartons printed forms	15.06	
	2 cartons printed forms	2.54	
Apr. 6, 1948	1 carton steel file cases	15.09	
Apr. 17, 1948	10 cartons adding machine paper		11.12
Apr. 20, 1948	11 cartons printed forms	13.08	
Apr. 30, 1948	11 cartons printed forms	16.07	
May 15, 1948	1 crate Bunn Pack.,Motor	8.25	
May 13, 1948	12 cartons machine paper		15.01
May 25, 1948	19 cartons steel file cabinets	26.24	
June 5, 1948	51 crates envelopes	67.02	
June 4, 1948	10 cartons printed forms	13.31	
June 7, 1948	1 carton forms		3.63
Aug. 19, 1948	2 cartons cot. money bags		1.91
May 24, 1948	94 cartons steel file cabinets	122.61	
Aug. 3, 1948	9 cartons printed forms	14.31	
Sept.25, 1948	10 cartons printed forms	12.98	
Dec. 15, 1948	1 carton coin wraps	2.94	
Total 1948		329.50	31.67

EXHIBIT O-1

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1949			
Feb. 2, 1949	1 carton coin wraps	3.11	
June 18, 1949	2 cartons FLD. Fltppr. Coin	3.50	
July 9, 1949	11 cartons envelopes		3.54
July 21, 1949	10 cartons printed forms	13.98	
Aug. 20, 1949	16 cartons printed forms	23.82	
Aug. 26, 1949	9 cartons printed forms	16.07	
Total 1949		60.48	3.54
1950			
Jan. 23, 1950	1 box business mach.	6.65	
Apr. 12, 1950	18 cartons printed forms	29.73	
June 1, 1950	Printed forms	1.00	
May 24, 1950	33 cartons printed forms	46.13	
June 28, 1950	2 cartons printed forms	3.24	
Aug. 28, 1950	1 package envelopes		6.44
Aug. 29, 1950	11 cartons envelopes		4.24
Sept. 1, 1950	5 cartons wrappers paper	32.09	
Oct. 6, 1950	6 cartons coin wraps	13.33	
Oct. 23, 1950	9 cartons coin wraps	14.26	
Nov. 13, 1950	14 cartons coin wrappers	32.76	
Nov. 22, 1950	17 cartons printed forms	15.96	
Nov. 27, 1950	13 cartons printed forms	18.85	
Nov. 28, 1950	10 cartons printed forms	13.78	
Dec. 22, 1950	15,cartons printed forms	21.75	
Total 1950		249.53	10.68
1951			
Jan. 25, 1951	5 cartons envelopes		1.25
June 29, 1951	26 cartons printed forms		37.34
Total 1951			38.59
TOTAL 5 YEARS - 1947-1951, INCLUSIVE		896.50	98.71

EXHIBIT O-8

FLORIDA EAST COAST RAILWAY

IN REORGANIZATION

RECORD OF FREIGHT SHIPMENTS OVER THE
LINE OF THE FLORIDA EAST COAST RAILWAY
TO FLORIDA NATIONAL BANK & TRUST CO. AT MIAMI, MIAMI, FLORIDA
JANUARY 1, 1947--DECEMBER 31, 1951, INCLUSIVE
BUILDING OPERATION

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1947			
Jan. 5, 1947	1 box marble	4.53	
Jan. 18, 1947	1 drum dry boiler comp.	6.06	
Jan. 25, 1947	2470 pc. gypsum block	594.36	
Jan. 25, 1947	c/l gypsum block R/c chgs.	8.92	
Jan. 25, 1947	2470 pc. gypsum block	594.36	
Jan. 25, 1947	R/C charges	8.92	
Feb. 5, 1947	1 drum dry boiler comp.	6.78	
Mar. 3, 1947	1 bbl. liquid polish	2.01	
Mar. 31, 1947	1 drum dry boiler comp.	7.85	
Apr. 19, 1947	22 boxes marble	123.60	
May 2, 1947	1 carton parts	4.58	
July 11, 1947	1 drum dry boiler comp.	7.11	
Aug. 7, 1947	2 boxes marble	12.88	
Total 1947		1,381.98	-
1948			
Jan. 15, 1948	1 carton machy-2 boxes brushes		25.64
May 1, 1948	3 bdls. mops and brooms	3.87	
May 10, 1948	1 carton liquid polish	2.41	
Sept.23, 1948	1 pkg. tools, 25 pkg. filters	31.31	
Oct. 9, 1948	5 boxes marble	28.28	
Oct. 11, 1948	23 boxes marble	120.11	
Oct. 30, 1948	8 boxes marble	60.42	
Oct. 30, 1948	7 boxes marble	39.77	
Nov. 5, 1948	10 boxes marble	124.69	
Nov. 19, 1948	138 boxes engine parts	571.15	
Nov. 23, 1948	20 boxes marble	98.01	
Total 1948		1,080.02	25.64
1949			
Mar. 21, 1949	6 boxes machinery parts	119.52	
Apr. 19, 1949	1 bbl. washing powder	3.85	
Dec. 27, 1949	1 carton machinery	25.44	
Total 1949		148.81	-
1950			
Nov. 29, 1949	1 bbl. washing powder	5.56	
Jan. 31, 1950	1 carton machinery	27.45	
Feb. 6, 1950	1 bbl. washing powder	5.56	
Feb. 7, 1950	2 bbl. brooms, 2 bbls. mops		3.31
May 16, 1950	1 bbl. washing powder	5.56	
Aug. 8, 1950	1 5-gal. liquid soap		2.37
Aug. 10, 1950	2 bbls. washing powder	11.12	
Oct. 2, 1950	3 cartons fiber brushes	4.01	
Total 1950		59.26	5.68

EXHIBIT O-9

DATE	ARTICLE	AMOUNT OF FREIGHT BILL Collect	Prepaid
1951			
Jan. 23, 1951	2 bbls. washing powder	11.11	
Apr. 20, 1951	1 carton floor scraper		25.21
Apr. 25, 1951	1 box marble	2.10	
May 24, 1951	12 pcs. scaffolding	20.56	
June 27, 1951	1 bbl. washing powder	5.65	
Sept. 7, 1951	1 bbl. washing powder	5.89	
Oct. 31, 1951	2 bbl. washing powder	11.78	
Total 1951		57.09	25.21
TOTAL - 5 YEARS 1947--1951, INCLUSIVE		2,727.14	56.53

4927 Fla.-3

EXHIBIT P
F. E. C. Ry
vs
Co
FILED IN EVIDENCE
FEB - 5 1952
Exhibit No. P

Operating Revenues Class I Motor Carriers of Freight Serving Florida East Coast territory compared with Carriers operating North of Jacksonville between points in Georgia, South Carolina, North Carolina and Northern and Eastern points.

Florida East Coast	1946	1947	1948	1949	1950
Central Truck Lines, Inc.	$ 2,472,070	$ 2,969,382	$ 3,502,755	$ 4,125,138	$ 4,974,102
Great Southern Trucking Co.	3,765,853	4,593,669	6,227,179	7,088,416	9,161,308
Seaboard Trail Tours, Inc.	2,425,450	2,491,712	1,417,991	1,405,890	1,642,055
Total Three Carriers:	$ 8,663,373	$10,054,763	$11,147,925	$12,619,444	$15,777,465
Atlantic Coast - South to East					
Ahrs Motor Lines, Inc.	2,033,286	3,257,052	4,747,738	5,832,322	8,345,858
Associated Transport, Inc.	19,249,466	21,714,833	25,329,196	28,620,406	35,400,160
Carolina Freight Carriers Corp.	1,408,968	1,882,890	2,397,030	2,836,460	3,740,445
Jack Cole Co., Inc.	1,030,779	1,281,760	1,866,192	2,492,943	4,865,171
Cooper Motor Lines, Inc.	727,652	1,214,458	1,447,212	2,164,819	3,409,389
T.C.Griggs Trucking Co.	322,253	1,021,474	1,354,351	1,355,923	2,365,881
Johnson Motor Lines, Inc.	242,095	2,028,391	3,337,291	4,084,809	5,954,306
Kilgo Transfer Co., Inc.	284,620	554,556	931,432	863,867	983,848
Nelson Trucking Co.	2,187,312	4,253,297	8,110,240	10,611,801	12,386,728
Nunn & Dixon Lines, Inc.	3,507,392	4,378,343	5,821,402	6,698,852	9,036,563
Miller Motor Express, Inc.	1,046,060	1,914,325	2,450,854	2,649,522	3,328,704
Pilot Freight Carriers, Inc.	1,134,326	1,735,759	2,544,229	3,041,136	4,018,937
R-C Motor Lines	996,624	1,708,223	2,290,756	2,523,076	3,153,952
Roadway Express, Inc.	5,055,037	8,764,497	15,293,910	17,775,600	21,624,376
Rutherford Freight Lines, Inc.	1,063,566	1,219,701	1,555,966	1,560,060	2,011,904
Super Service Motor Frt.Co., Inc.	1,601,843	2,273,505	3,255,766	3,457,214	5,191,691
	$41,891,279	$59,203,064	$82,783,565	$96,568,710	$125,817,912
South - Alabama, Georgia, South Carolina					
Baston Rapid Express, Inc.	697,652	916,760	1,170,168	1,323,448	1,851,371
Georgia Highway Express, Inc.	1,336,103	1,400,437	1,714,238	1,824,934	2,142,596
Simpson Trucking Co.	-	240,588	396,117	569,833	994,645
	$2,033,755	$2,557,785	$3,280,523	$3,718,215	$4,988,612
Central - South to Central					
Dunco Freight Lines, Inc.	698,187	781,808	1,100,018	1,481,668	2,364,585
Dixie Ohio Express Co.	1,797,330	2,461,883	3,558,242	4,180,581	6,244,548
Huber & Huber Motor Express, Inc.	2,837,072	2,949,863	4,791,897	5,488,683	7,325,252
Johnson Freight Lines, Inc.	161,010	676,236	931,049	1,070,910	1,224,387
Overland Transportation Co.	377,412	483,667	588,379	531,206	841,223
Silver Fleet Motor Express, Inc.	2,628,283	2,708,871	3,799,479	3,804,822	4,602,087
Southeastern Motor Trk.Lines, Inc.	1,507,779	1,908,087	2,293,998	2,792,331	3,539,487
Terminal Transport Co., Inc.	925,457	1,560,304	2,390,966	3,775,203	4,967,754
Wilson Truck Co., Inc.	1,113,510	1,554,048	2,209,199	2,527,867	3,429,997
Youngblood Truck Lines, Inc.	886,332	540,149	140,369	994,600	1,642,444
	$12,441,972	$15,624,916	$22,403,196	$26,647,871	$36,401,764

Source: Annual Reports to Interstate Commerce Commission published by
1946-1947 Transport Statistics, Inc., Washington, D.C.
1948-1949-1950 American Trucking Associations, Inc., Washington, D.C.

EXHIBIT P-1
F. P. C. Docket
FILED IN EVIDENCE
FEB - 5 1952
Edwin R. Williams, Clerk

Exhibit No.

Tons of Revenue Freight Carried by Class I Motor Carriers serving Florida East Coast territory compared with carriers operating north of Jacksonville, between points in Georgia, South Carolina, North Carolina and Northern and Eastern points

	1946	1947	1948	1949	1950
Florida East Coast					
Central Truck Lines, Inc.	134,664	177,604	187,413	203,361	249,850
Great Southern Trucking Co.	-	265,489	337,074	377,819	486,651
Tamiami Trail Tours, Inc.	70,489	91,066	87,646	84,963	98,879
Atlantic Coast - South to East					
Akers Motor Lines, Inc.	50,960	140,251	188,329	228,448	319,820
Associated Transport, Inc.	989,678	1,060,999	1,095,939	1,170,674	1,432,658
Carolina Freight Carriers Corp.	46,058	74,767	88,348	98,347	181,698
Jack Cole Co., Inc.	70,228	62,209	72,713	94,751	138,259
Cooper Motor Lines, Inc.	18,434	53,329	62,381	86,695	115,695
T.C.Griggs Trucking Co.	19,374	47,412	99,430	99,430	105,930
Johnson Motor Lines, Inc.	39,661	84,244	123,351	149,249	206,498
Kilgo Transfer Co., Inc.	21,720	38,163	54,446	52,357	61,254
Nelson Trucking Co.	67,254	204,886	344,788	442,740	488,522
Nixon & Dixon Lines, Inc.	116,546	203,009	232,977	253,222	341,945
Miller Motor Express,Inc.	79,391	122,498	138,663	149,850	179,710
Pilot Freight Carriers, Inc.	21,821	86,885	113,739	141,413	172,207
R-C Motor Lines	21,626	78,296	94,298	101,058	126,678
Roadway Express, Inc.	176,162	401,562	556,026	623,369	768,749
Rutherford Freight Lines, Inc.	46,004	95,609	108,912	105,484	135,384
Super Service Motor Frt. Co., Inc.	27,304	75,798	99,856	100,781	149,783
South - Alabama, Georgia, South Carolina					
Benton Rapid Express, Inc.	36,621	77,010	88,366	95,996	132,323
Georgia Highway Express, Inc.	104,656	157,375	170,978	183,866	206,622
Simpson Trucking Co.	-	20,025	39,206	57,103	110,867
Central - South to Central					
Dunes Freight Lines, Inc.	16,125	45,728	57,011	80,713	136,615
Dixie Ohio Express Co.	45,747	138,058	182,134	198,279	279,185
Huber & Huber Motor Express,Inc.	77,232	184,388	250,393	276,501	333,074
Johnson Freight Lines, Inc.	29,457	61,064	73,897	82,850	91,340
Overland Transportation Co.	12,582	22,251	26,319	23,931	37,189
Silver Fleet Motor Express, Inc.	97,286	176,102	203,541	193,814	231,419
Southeastern Motor Truck Lines,Inc.	79,017	121,758	143,676	169,026	207,600
Terminal Transport Co., Inc.	13,763	72,784	98,310	144,141	183,362
Wilson Truck Co., Inc.	21,346	71,149	84,497	98,958	129,448
Youngblood Truck Lines, Inc.	27,902	48,053	56,962	69,892	104,767

Source: Annual Reports to Interstate Commerce Commission published by
1946-1947 Transport Statistics, Inc., Washington, D.C.
1948-1949-1950 American Trucking Associations,Inc.,Washington,D.C.

EXHIBIT Q
FILED IN EVIDENCE
FEB - 5 1952

INLAND WATERWAY TRAFFIC ON INTRACOASTAL WATERWAY BETWEEN JACKSONVILLE AND MIAMI

(In tons 2,000 pounds)

	TOTAL	PETROLEUM PRODUCTS	OTHER THAN PETROLEUM PRODUCTS
1936	343,399	83,252	260,147
1937	532,587	129,255	403,332
1938	451,511	150,472	301,039
1939	516,784	152,051	364,733
1940	453,558	34,316	419,242
1941	442,304	56,970	385,334
1942	457,023	44,621	412,402
1943	414,700	107,503	307,197
1944	365,438	196,745	168,693
1945	455,721	240,448	215,273
1946	301,177	184,313	116,864
1947	403,021	218,708	184,313
1948	436,244	234,373	201,871
1949	235,070	209,234	25,836
1950	207,029	153,307	53,722

Source: Corps of Engineers, Dept. of the Army, Annual Reports for years shown.

Exhibit No. R

EXHIBIT R
Fla. E. C. Ry. Co. vs
FILED IN EVIDENCE
FEB 1 1951
Edwin R. Williams, Clerk

TOTAL COASTWISE RECEIPTS AND SHIPMENTS AT EAST COAST FLORIDA PORTS WITH SEPARATION OF PETROLEUM PRODUCTS FROM OTHER COASTWISE TONNAGE.

(In net tons, 2000 pounds)

	RECEIPTS				SHIPMENTS			
	TOTAL	PETROLEUM	OTHER THAN PETROLEUM	INBOUND PASSENGERS	TOTAL	PETROLEUM	OTHER THAN PETROLEUM	OUTBOUND PASSENGERS
MIAMI, FLA.								
1936	628,747	316,304	312,443	23,437	133,032	82,714	50,318	21,069
1937	615,223	326,815	290,418	13,114	102,186	48,349	53,837	13,522
1938	586,723	328,577	258,146	24,300	108,988	56,560	52,428	23,474
1939	642,602	376,907	265,695	11,570	134,458	73,283	61,175	13,144
1940	617,847	359,824	258,023	12,138	160,715	82,922	78,793	12,946
1941	582,221	373,190	209,031	14,064	160,442	110,201	50,231	14,939
1942	220,224	206,040	14,184	-	40,316	32,560	7,756	-
1943	109,767	86,709	23,058	-	22,584	8,041	14,543	-
1944	241,884	225,265	16,619	-	50,323	10,626	39,697	-
1945	339,299	332,306	6,993	-	35,454	10,236	25,218	-
1946	392,101	376,811	15,290	-	1,366	6	1,360	-
1947	362,648	322,710	39,938	-	62,372	59,830	2,542	-
1948	413,310	351,807	61,503	-	892	-	892	-
1949	430,383	306,834	123,548	-	4,416	1,973	2,443	-
1950	431,210	330,163	101,047	-	3,352	-	3,352	-
Ft. Everglades								
1936	225,154	217,670	7,464		29,851	26,216	3,655	
1937	285,925	273,638	12,287		30,017	17,187	12,830	
1938	352,530	315,354	37,176		34,531	12,157	22,374	
1939	387,880	332,867	55,013		37,901	13,844	24,057	
1940	296,630	254,548	42,082		22,976	5,414	17,562	
1941	308,842	288,464	20,378		15,258	7,241	8,017	
1942	357,039	354,616	2,423		3,134	2,153	981	
1943	469,135	466,905	2,230		941	941	-	
1944	772,686	769,866	2,820		13,134	2,303	10,831	
1945	844,851	844,851	-		45,318	1,483	43,835	
1946	547,203	542,203	5,000		66,573	5,456	61,117	
1947	1,402,429	1,391,791	10,638		42,232	42,232	-	
1948	1,223,329	1,207,296	16,033		180	-	180	
1949	1,208,501	1,190,894	17,607		9,370	9,205	165	
1950	1,116,540	1,063,230	53,310		66,443	66,281	162	

Source: Corps of Engineers, Dept. of the Army, Annual Reports for years shown.

4827 Pub (2)

TOTAL COASTWISE RECEIPTS AND SHIPMENTS AT EAST COAST FLORIDA PORTS WITH SEPARATION OF PETROLEUM PRODUCTS FROM OTHER COASTWISE TONNAGES

EXHIBIT
vs
FILED IN EVIDENCE
Edwin R. Will 19

(In net tons, 2000 pounds)

	RECEIPTS			SHIPMENTS		
	TOTAL	PETROLEUM PRODUCTS	OTHER THAN PETROLEUM	TOTAL	PETROLEUM PRODUCTS	OTHER THAN PETROLEUM
Fort Pierce						
1936	29,167	2,994	26,573	6,396	-	6,396
1937	34,541	3,595	30,946	6,921	-	6,921
1938	23,196	3,198	19,998	5,757	-	5,757
1939	18,964	3,826	15,138	1,872	-	1,872
1940	19,399	5,672	13,687	2,458	-	2,458
1941	10,962	3,842	7,120	3,878	-	3,878
1942	2,939	2,939	-	-	-	-
1943	12,609	-	12,609	7,892	-	7,892
1944	14,154	-	14,154	13,036	-	13,036
1945	5,140	-	5,140	6,830	1,166	5,664
1946	3,999	3,999	-	-	-	-
1947	3,466	3,466	-	20,301	18,899	1,402
1948	11,953	11,953	-	-	-	-
1949	3,106	3,106	-	-	-	-
1950	80,474	80,474	-	-	-	-
Ft. Pierce						
1936	15,395	10,097	5,298	84,569	-	84,569
1937	4,617	-	4,617	114,535	-	114,535
1938	10,473	8,198	2,275	127,245	-	127,245
1939	3,313	-	3,313	138,017	-	138,017
1940	8,457	6,879	1,578	83,091	-	83,091
1941	8,064	7,000	1,064	89,064	-	89,064
1942	-	-	-	80	80	-
1943	-	-	-	-	-	-
1944	12,984	12,984	-	-	-	-
1945	6,695	6,695	-	-	-	-
1946	6,624	6,624	-	-	-	-
1947	-	-	-	-	-	-
1948	-	-	-	-	-	-
1949	1,010	843	167	6,829	-	6,829
1950	361	361	-	37,289	-	37,289

Source: Corps of Engineers, Department of the Army, Annual Reports for years shown.

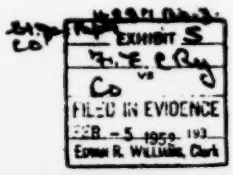

Exhibit No. S

IMPORT AND EXPORT TRAFFIC THRU EAST COAST FLORIDA PORTS

(In Net Tons, 2,000 pounds)

	Jacksonville		Ft. Pierce		Palm Beach	
	Imports	Exports	Imports	Exports	Imports	Exports
1936	262,526	283,327	-	-	627	4,417
1937	262,852	296,315	-	-	762	9,450
1938	267,501	174,014	-	-	2,521	1,563
1939	341,010	192,305	-	582	5,237	2,482
1940	479,779	167,307	-	-	1,714	7,065
1941	412,529	133,391			277	2,845
1942	124,734	88,965			19,720	13,144
1943	115,761	497,868	2,232	170	99,492	31,694
1944	82,705	450,819	-	-	65,491	18,580
1945	204,195	338,423	-	-	57,568	24,874
1946	494,060	172,726	2,939		24,055	37,474
1947	417,940	26,721	-	-	38,758	131,227
1948	397,286	78,744	-	-	109,113	164,616
1949	443,226	129,481	894	-	110,853	206,090
1950	676,861	127,534	-	-	152,948	260,943

	Car Ferry Pt. Everglades		Pt. Everglades		Miami	
	Imports	Exports	Imports	Exports	Imports	Exports
1936	32,045	87,468	40,144	33,902	34,517	52,907
1937	42,118	97,974	36,409	35,730	43,403	61,140
1938	32,960	118,415	41,552	11,881	39,658	65,620
1939	31,433	117,885	42,921	17,335	63,275	69,031
1940	37,468	100,602	118,180	14,834	146,275	46,197
1941	82,098	136,132	319,080	125,078	101,764	41,641
1942	95,617	95,859	476,939	157,462	87,786	98,960
1943	311,413	288,832	915,595	53,044	151,427	116,841
1944	288,544	296,283	433,168	53,140	171,778	66,028
1945	37,433	55,829	133,656	228,548	225,278	66,811
1946	-	-	319,664	109,320	303,317	45,572
1947	-	-	214,722	79,598	247,252	56,124
1948	-	-	194,144	41,179	185,608	50,662
1949	-	-	102,680	107,949	172,526	42,743
1950	-	-	311,459	127,356	347,544	38,624

Source: Corps of Engineers Dept. of the Army, Annual Reports for years shown.

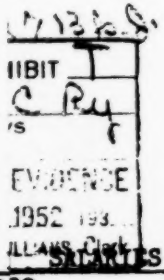

Exhibit No.

SALARIES AND WAGES

County	1940	1947	1951
Duval	39 201,171,325	$28,177,000	N.A.
St. Johns	20,021,249	567,000	N.A.
Flagler	3,014,073	54,000	N.A.
Volusia	53,767,223	2,739,000	3,679,933
Brevard	16,171,590	534,000	877,480
Indian River	8,920,837	314,000	687,525
St. Lucie	11,812,676	984,000	1,849,605
Martin	6,292,398	99,000	180,540
Palm Beach	79,955,606	3,132,000	15,318,992
Broward	39,728,896	2,027,000	13,198,255
Dade	267,731,492	24,920,000	121,236,502
TOTALS:	708,620,718	# $34,749,000	# $157,028,832

N.A.- Not available - ins
Totals exclude Duval, S

Source: Bureau of Censu
1951 figures est

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BE FILMED

EXHIBIT V.

EXHIBIT V

FLORIDA EAST COAST RAILWAY CO
IN REORGANIZATION

FEB - 6 1952

Monthly Range in Market Price of Coast Line Stock

Year	1949			1950			1951		
Month	High	Low	Average	High	Low	Average	High	Low	Average
January	47	40 7/8	43 15/16	45	41	43	74 1/2	70	72 1/4
February	41	36 3/8	38 11/16	45 1/8	44	44 9/16	82	72 3/4	77 3/8
March	40 5/8	36½	38 9/16	48 1/4	44 3/8	44 5/16	74 3/4	68	71 3/8
April	39	36 3/8	37 11/16	47 3/4	44 7/8	46 5/16	74 3/4	69	71 7/8
May	38 3/4	35 1/8	36 15/16	47 7/8	45	46 7/16	77	66	71 1/2
June	37 3/8	32½	34 15/16	47 1/8	45 7/8	46 1/2	70 1/2	61 3/4	66 1/8
July	36 7/8	33 1/8	35	54 1/2	43 3/4	49 1/8	68 1/2	62 1/2	65 1/2
August	38	34 7/8	36 7/16	56	51 1/4	53 5/8	71 3/4	65 3/4	68 3/4
Sept.	37 3/8	34 1/8	35 3/4	59 1/4	53 1/4	56 1/4	75 5/8	72	73 13/16
October	40 7/8	37	38 15/16	61 1/4	53 3/8	57 5/16	78 1/2	70 1/2	74 1/2
November	39 5/8	36 3/4	38 3/16	60 3/4	54	57 3/8	76 1/4	70 3/8	73 5/16
December	44½	36½	40 3/8	70 1/2	56	63 1/4	77	71 1/2	74 1/2
Average for Year	40.08	35.82	37.95	53.61	48.06	50.84	75.09	68.34	71.72

Three-year average High: 56.26 Low: 50.74 Average: 53.50

Annual Price Range 1937 - 1951

	High	Low	Average
1937	55 1/2	18	36 3/4
1938	30	14	22
1939	30 1/8	15	22 9/16
1940	23 1/2	9 5/8	16 9/16
1941	28 1/8	13 1/2	20 13/16
1942	34 1/2	19 3/4	27 1/8
1943	38	24 1/2	31 1/4
1944	55	25 5/8	40 5/16
1945	83 1/4	48 1/8	65 11/16
1946	83	45	64
1947	59	40 1/2	49 3/4
1948	62	44 1/2	53 1/4
1949	47	32 1/2	39 3/4
1950	70 1/2	41	55 3/4
1951	82	61 3/4	71 7/8
Average	52.10	30.23	41.163

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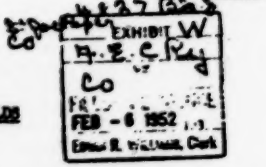
EXHIBIT W

FLORIDA EAST COAST RAILWAY
IN REORGANIZATION



EARNINGS RATIOS AND DIVIDEND YIELDS

Year	Price-earnings ratio		Dividend yield	
	Moody's 25 Railroads	Atlantic Coast Line	Moody's 25 Railroads	Atlantic Coast Line
1935	(d)	(d)	3.97%	0%
1936	22.22	15.16	2.74	2.83
1937	13.68	12.33	4.29	4.08
1938	(d)	(d)	5.29	0
1939	23.22	23.26	3.75	0
1940	10.18	7.49	5.41	0
1941	3.98	1.54	6.47	4.80
1942	1.91	.99	7.73	7.37
1943	2.91	1.52	6.93	9.32
1944	4.48	2.06	6.75	7.44
1945	9.16	9.79	5.51	5.71
1946	17.00	9.64	5.38	6.25
1947	7.40	6.82	6.16	8.04
1948	5.53	5.70	6.04	7.51
1949	7.78	4.23	8.47	10.06
1950	4.67	3.59	6.50	7.17

(d) indicates deficit.

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EXHIBIT X
FEC Ry
vs
CO
FILED IN EVIDENCE
FEB - 6 1952
John R. Williams, Clerk

At the request of the Chairman, the President made a statement which follows:

"The President stated that the Florida East Coast Railway, now in process of reorganization under Section 77 proceedings, is one of the most important of this Company's immediate connections, which interchanges a substantial volume of traffic, both freight and passenger, with this Company and any diversion of that interchange of traffic could cause serious loss in this Company's gross revenues. He further stated that the rails of the Florida East Coast Railway represent a logical extension of this Company's lines into the lucrative East Coast section of Florida, not now directly served by this Company, and that he has for a number of years considered it was desirable that this Company should acquire that property or control thereof and operate same as a part of this Company's system, but that circumstances and conditions to this time have made it impracticable for this Company to take any action to effect such acquisition or control. He stated that thorough studies based on operations during representative pre-war periods, as indicative of what may reasonably be expected in future years, had arrived at the conclusion that the property operated as part of this Company, with consequent operating savings, should produce average annual net earnings available for fixed charges of about $1,700,000, which would be sufficient to meet reasonable fixed and contingent charges and leave some residue of profit for this Company.

The President further stated that because of the public interest factor involved in any proposal for the acquisition or control of the Florida East Coast property, it might not be feasible to close any of the existing routes over which said Railway delivers traffic to and receives traffic from railroads which compete with this Company for such traffic, but nevertheless the advantages of being an "originating" and "terminating" line in Florida East Coast territory, which is perhaps the most highly developed section of the State of Florida, should produce for this Company added earnings on additional traffic which would be transported by this Company beyond the line of the present Florida East Coast Railway, that is, north of Jacksonville, although the amount of such added earnings cannot be properly evaluated.

The Chairman stated to the Board that recently he and Mr. C. McD. Davis, President, have been in conferences with certain of the minority holders of bonds of the Florida East Coast Railway Company, now undergoing reorganization, which conferences represent a renewal or continuation of a subject initiated by these bondholders in September, 1943, with Mr. Davis and the late Mr. Lyman Delano, then Chairman. As a result of the recent conferences, a proposal has been submitted by certain individual holders of Florida East Coast Railway Company First and Refunding Mortgage 5% Bonds, in collaboration with the Deposit Committee representing Bonds of said issue, that Atlantic Coast Line Railroad Company acquire the voting common stock of the reorganized Florida East Coast Railway Company under a plan of reorganization to be sponsored by the aforesaid individual bondholders with the endorsement of the said Deposit Committee. The proposal as submitted to this Company contemplates that the reorganized Florida East Coast Railway Company will have total capitalization (exclusive of equipment obligations) of $37,000,000, consisting of $16,000,000 First Mortgage 4% Bonds; $15,000,000 of 4-1/2% Preferred Stock, (cumulative up to 13-1/2%), non-voting except to elect one-third of the members of the Board of Directors, and $6,000,000 stated value for 450,000 shares of Common Stock. Under said proposal, if effected, this Company would have the right to purchase for cash 60 percent (or 66-2/3 percent) of the new Common Stock, the purchase price for 60 percent being $3,600,000; this Company to guarantee payment of the interest on the First Mortgage Bonds, but not the principal thereof. Under said proposal, the

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reorganised company would take over all of the assets in the hands of the Trustees, including cash, except that there would be distributed to the holders of the existing First and Refunding Mortgage bondholders a maximum sum of $6,000,000, subject, however, to the reorganised company retaining a minimum working fund of $3,000,000 and also an amount sufficient to provide for the construction of a cut-off line to connect the lower end of the Okeechobee Branch with the main line at Ft. Pierce, which project the Trustees are now furthering in order to permit abandonment of the major and northern portion of said Branch. The terms of the proposal as submitted and any acceptance thereof by this Company are conditioned upon securing the requisite approval of the Interstate Commerce Commission and the Federal Court, and the Chairman and the President recommended to the Board that said proposal be accepted with such condition.

Following full discussion by the Board of the foregoing proposal, it was on motion, duly made and seconded, unanimously

RESOLVED, that F. B. Adams, Chairman of the Board of Directors, or C. McD. Davis, President, of this Company, be and hereby is authorized and directed, on behalf of this Company, to accept the offer of certain individual holders of Florida East Coast Railway Company First and Refunding Mortgage 5% Bonds, in collaboration with and endorsement of the Deposit Committee representing Bonds of said issue, with terms and provisions substantially as described above, subject to such modifications as may be later agreed upon or as may be imposed by the Interstate Commerce Commission or the Federal Court, or both, and are acceptable to this Company.

RESOLVED, FURTHER, that F. B. Adams, Chairman of the Board of Directors, or C. McD. Davis, President, be and hereby is authorized to make and file such applications or petitions to the Interstate Commerce Commission or to the Federal Court, and to take such other and further action as may be necessary in connection with the reorganization of the Florida East Coast Railway in order that the proposed purchase by this Company of Common Stock of the reorganised company may be effected in accordance with applicable laws and regulations.

The Chairman stated that Messrs. Geo. B. Elliott, Roland L. Redmond and Buford Scott, the Directors not present, had been duly notified of this meeting but were unable to be present; that each of them had been previously advised in writing concerning the matter described in the above preambles and resolutions and each of said Directors had advised him that, if able to have been present, he would have voted for adoption of the resolutions.

I, A. J. Rappold, Assistant Secretary of the Atlantic Coast Line Railroad Company, do hereby certify that the above and foregoing is a correct excerpt from the minutes of special meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on November 3rd, 1944, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

POOR COPY

BLEED THROUGH

The Chairman stated that, as reported to this Board at meeting held November 3, 1944, certain minority holders of the junior bonds of Florida East Coast Railway Company, undergoing reorganization under Section 77 of the Bankruptcy Act, had proposed to this Company that they would sponsor a plan of reorganization under which this Company would acquire by purchase, at cost of $3,600,000, at least 60 per cent. of the common stock to be issued by the reorganized company. He stated that such proposal had been accepted by the Board and a plan to effect the same had been duly filed with the Interstate Commerce Commission, but that the Commission by Report and Order, dated January 8, 1945, had declared the said plan of reorganization to be impracticable and had promulgated a reorganization plan which did not provide for any participation by this Company. He further stated that petitions had thereafter been filed with the Commission requesting that the record be reopened and hearing be held to receive evidence to support proposals for modification of the plan approved by the Commission on January 8, 1945, as well as evidence to support the plan which had been filed by the minority bondholders as aforesaid; that the Commission had thereupon assigned the matter for oral argument on May 29, 1945, following which the Commission had ordered that the proceeding be reopened and that public hearings be held by the Commission's representatives on November 6, 1945, in Washington, D. C., and on November 13, 1945, in West Palm Beach, Florida, to receive evidence from any party in interest as to further modification of the proposed plan theretofore approved by the Commission and for proposal of other plans, requesting all parties intending to introduce evidence or other plans to transmit to the Commission and to parties to the proceeding on or before October 23, 1945, copies of any exhibits and plans expected to be presented.

The Chairman further stated that thereafter the Company's officers gave exhaustive consideration to the introduction of a plan whereby all of the property of Florida East Coast Railway Company would be merged or consolidated with this Company under Section 77 (b) (5) of the Bankruptcy Act, and then submitted to the Board a plan which he stated had the unanimous approval of the officers of the Company and their advisers and which he recommended that the Board approve and order filed with the Commission on behalf of this Company.

Following the statement made by the Chairman, the Board entered into full discussion of the plan as submitted, and on motion, duly made and seconded, it was unanimously

RESOLVED, that Mr. F. B. Adams, Chairman, and Mr. C. McD. Davis, President, of this Company, or either of them, be and hereby is authorized and directed, on behalf of this Company, to transmit to the Interstate Commerce Commission and to other interested parties, on or before October 23, 1945, a plan, substantially in the form submitted to this meeting, under which all of the property of Florida East Coast Railway would be merged or consolidated with this Company under Section 77 (b) (5) of the Bankruptcy Act.

RESOLVED, FURTHER, that Mr. F. B. Adams, Chairman, and Mr. C. McD. Davis, President or either of them, be and hereby is authorized to make and file such applications or petitions with the Interstate Commerce Commission, and to take all such other and further action as may be necessary.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on October 18th, 1945, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

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The Chairman stated to the meeting that at the hearings beginning on November 6, 1945, in Washington, D. C., before the Interstate Commerce Commission in the proceedings concerning the reorganization of the Florida East Coast Railway Company, the Plan by this Company for the merger of the property of Florida East Coast Railway Company with Atlantic Coast Line Railroad Company had been presented, in accordance with the authority given by this Board on October 18, 1945, and he thereupon submitted to the meeting a copy of said Plan as so presented.

The Chairman further stated that the Plan as above referred to included provision for payment of the fixed cash amount of $133.33 per $1,000.00 Florida East Coast Railway Company First and Refunding Mortgage 5% Bond which was based on figures theretofore furnished to this Company by the Florida East Coast Railway Company and that, subsequent to the meeting of this Board on October 18, 1945, it developed that there was a likelihood that cash items not included in the original figures would be available but that the Florida East Coast Railway Company's contingent income tax liabilities were considerably larger than had been reported by the Florida East Coast Railway Company. The Chairman thereupon submitted proposed "Modifications Relating to Cash Distribution" and "Modifications Relating to Reserve" in said Plan.

On motion, duly made and seconded, it was unanimously

RESOLVED, that the filing of the Plan of Reorganization of Florida East Coast Railway Company presented by Atlantic Coast Line Railroad Company, dated October 22, 1945, including the Introductory Statement and Comments below the various Articles in the Plan, is hereby approved.

RESOLVED, FURTHER, that this Company will consent to the attached "Modifications Relating to Cash Distribution" in said Plan.

RESOLVED, FURTHER, that this Company will consent to the attached "Modifications Relating to Reserve" in said Plan, whether or not the "Modifications Relating to Cash Distribution" be adopted by the Interstate Commerce Commission.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of special meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on November 20th, 1945, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

POOR COPY

BLEED THROUGH

FLORIDA EAST COAST RAILWAY COMPANY
REORGANIZATION

PLAN PROPOSED BY ATLANTIC COAST LINE RAILROAD COMPANY

Modifications Relating to Cash Distribution

Article V

Strike out "$6,000,000" and substitute "the 'free cash' as of December 31, 1945, as defined in Article X".

Article VI

Strike out "provided, however, that without the consent of Atlantic Coast Line Railroad Company there shall be no settlement of any claim for such taxes", and the word "further" immediately following.

Article X

Strike out the second paragraph and substitute:

In addition to any cash payable pursuant to Article V if any of the securities distributable to the holders of the Debtor's First and Refunding Mortgage 5% Bonds be dated later than January 1, 1946, all "free cash" as of December 31, 1945, as hereinafter defined, shall be distributed to the holders of such Bonds.

The "free cash" as of December 31, 1945 shall be determined for the purposes of the preceding paragraph as follows:

The current assets shall be taken as shown in the balance sheet of December 31, 1945 except that Account 716 - Materials and Supplies shall be eliminated, and that there shall be deducted $200,000 from Account 713, $30,000 from Account 714, and $100,000 from Account 718, and there shall be added $693,184 from Account 704, $2,893 from Account 722 and $65,000 from Account 723. From the current assets as thus adjusted there shall be deducted the current liabilities as shown in the balance sheet of December 31, 1945, and the net cash liabilities, if any, as hereinafter defined, in respect of Accounts 727 and 778. The amount so obtained is hereinafter referred to as the "total cash". The term "balance sheet as of December 31, 1945", as used herein, shall mean the balance sheet contained in the Form A Annual Report for the year ended December 31, 1945 filed by the Trustees of the Florida East Coast Railway Company with the Interstate Commerce Commission, as revised to conform to any requirements or directions of the Commission's Bureau of Accounts. The net cash liabilities, if any, in respect of Accounts 727 and 778 shall be determined from the balance sheet of December 31, 1945, provided that, if the Interstate Commerce Commission or its Bureau of Accounts shall certify to the Court or otherwise determine that the amount thereof reflected in the balance sheet of December 31, 1945 should be reduced or eliminated, such certification or determination shall be conclusive.

From the total cash there shall be deducted (1) the principal amount of the First Mortgage Bonds outstanding on December 31, 1945, (2) the amount of $4,246,351, being $7,246,351 in respect of the items, other than the reserve for errors in income tax accruals, set forth in Exhibit 97 in these proceedings, less $3,000,000, and (3) an amount sufficient to discharge or provide for any liability or liabilities not reflected in the Debtor's balance sheet as of December 31, 1945, in respect of, or based on the income of, the period ended December 31, 1945, or any period prior thereto.

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The remaining balance shall constitute the "free cash" to be distributed to the holders of the Debtor's First and Refunding Mortgage 5% Bonds.

Modification Relating to Reserve

Atlantic Coast Line Railroad Company shall provide a reserve or reserves in respect of Items (3), (4) and (5) set forth in Exhibit 97 in these proceedings. Such reserve or reserves shall be in the sum of $7,246,351, less (1) $500,000 working capital, (2) the reorganization expenses in these proceedings, and (3) any amounts spent subsequent to January 1, 1946 in respect of Items (3), (4) and (5) in said Exhibit 97.

November 13, 1945.

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There was presented to the meeting draft of the exceptions to the proposed report of Examiner Ralph H. Jewell and brief of Atlantic Coast Line Railroad Company on Plan of Reorganization of Florida East Coast Railway Company (Interstate Commerce Commission Finance Docket No. 13170) to be filed not later than August 20th, 1946, by Counsel for this Company. The Committee then considered particularly the statements to be made with respect to the effective date of the Plan and the cash distribution provisions.

Whereupon, on motion, duly made and seconded, it was

RESOLVED, that this Executive Committee hereby authorize Counsel for the Company to state in the brief:

"1. A provision for an 'effective date' to be fixed as proposed by the Examiner is acceptable to the Coast Line.

"2. The Coast Line Plan contemplates that the holders of the First and Refunding Mortgage Bonds shall receive whatever 'free cash' they would receive if there were an independent reorganization, plus $3,000,000. to be contributed by the Coast Line. The Coast Line is willing to have the amount of the 'free cash' determined by the Commission, or determined by the Court in the light of the Commission's report."

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Executive Committee of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on August 9th, 1946, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

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The Chairman stated that the Interstate Commerce Commission had on May 20th, 1947, released its Report and Order, dated April 8th, 1947, in Finance Docket 13170, Florida East Coast Railway Company Reorganization, under which the plan filed by this Company with said Commission on November 6th, 1945, as amended, for acquisition by this Company of the property of Florida East Coast Railway, was approved with certain modifications. Mr. C. McD. Davis, President, thereupon described the provisions in the said Report and Order and the effect thereof compared with the plan filed by this Company as above mentioned and recommended that the Board adopt the said plan of reorganization of the Florida East Coast Railway as promulgated by the Interstate Commerce Commission and in due course submit the same to the stockholders of this Company for their approval and acceptance.

Whereupon, after full discussion, it was, on motion, duly made and seconded, unanimously

RESOLVED, that this Board hereby adopts the plan of reorganization of Florida East Coast Railway Company contained in the Order of the Interstate Commerce Commission, dated April 8th, 1947, and in the Commission's Report dated the same day, and the proper officers of this Company are authorized to take the necessary steps to secure authorization of said plan by this Company's stockholders after final approval of said plan by the Commission.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of special meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on June 2nd, 1947, at which a quorum was present and voted.

IN WITNESS Whereof, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

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The President referred to the action heretofore taken by this Board at various meetings relating to the Company's participation in the proceeding before the Interstate Commerce Commission for reorganization of the Florida East Coast Railway Company and particularly the action at meeting held on June 2nd, 1947, accepting the plan for acquisition by this Company of the properties of the Florida East Coast Railway Company as set out in the Report and Order of the said Commission, dated April 8th, 1947. He then stated to the Board that, following issuance of above mentioned Report and Order, the Commission, acting upon various petitions filed with it, had on October 7th, 1947, entered an Order reopening the proceeding for further consideration of the record and oral argument which was had before the Commission on January 7th, 8th and 9th, 1948, and that the Commission on March 25th, 1948, had issued its Report and Order affirming the Plan of reorganization as approved in its said Report and Order of April 8th, 1947. The President then recommended that the Board submit to the stockholders of this Company proposals that they authorize the acceptance of the Plan of reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated April 8th, 1947, and March 25th, 1948, and give their assent to the acquisition of the properties of Florida East Coast Railway Company by this Company as provided in said Plan.

The President further stated that the above mentioned Report and Order of the Interstate Commerce Commission, dated April 8th, 1947, contained certain provisions with respect to the Preferred Stock to be issued by this Company under the said Plan of reorganization of the Florida East Coast Railway Company which provisions conflict with those in the Charter of this Company relating to the Series Preferred Stock authorized therein. The President then recommended that, in order to comply with the Commission's said Order, the Board of Directors submit to the Stockholders of this Company proposal for amendment of the Charter of this Company to eliminate therefrom the words and figures in Sub-section (2) (b) of Section I of the Amendment of 1946, reading as follows:

"that the dividend rate shall not exceed $5.00 per share per annum; that dividends in arrears for more than three years shall cease to be cumulative; that the redemption price shall not exceed $110 per share; and that the amount to be paid to the holders thereof in case of voluntary or involuntary dissolution or any distribution of assets, shall not exceed $100 per share; and".

After full discussion by the Board, it was, on motion, duly made and seconded, unanimously

RESOLVED, that this Board of Directors considers the Plan of reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated April 8th, 1947, and March 25th, 1948, to be fair and in the best interests of the stockholders and does now recommend to the stockholders acceptance of said Plan and assent to the acquisition of the properties of Florida East Coast Railway Company as provided in said Plan, and that the Board of Directors be empowered to consummate such Plan when approved by the Court and to issue such securities, make such cash payment and take such other action as may be required, and be it further

RESOLVED, that in order to effect the acquisition of the properties of Florida East Coast Railway Company and to issue the class of preferred stock specified by the Interstate Commerce Commission in its Report and Order dated April 8th, 1947, as affirmed by its Report and Order dated March 25th, 1948, this Board of Directors of this Company now recommends to the stockholders that the Charter of this Company as now existing be amended by eliminating from Sub-section (2)(b) of Section I of the Amendment of 1946 the words and figures reading as follows:

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"that the dividend rate shall not exceed $5.00 per share per annum; that dividends in arrears for more than three years shall cease to be cumulative; that the redemption price shall not exceed $110 per share; and that the amount to be paid to the holders thereof in case of voluntary or involuntary dissolution, or any distribution of assets, shall not exceed $100 per share; and",

so that said Sub-section (2)(b) of Section I will then read:

"(b) not more than the difference between 150,000 shares of Preferred Stock and the number of shares of Original Preferred Stock which may be outstanding at any time is hereby designated 'Series Preferred Stock'. The Board of Directors may from time to time issue Series Preferred Stock of the Company up to the maximum limit fixed by this amendment, and may dispose of such additional issue or issues at such prices, for such consideration, and on such terms and conditions as they may deem for the best interest of the Company. The Board of Directors are empowered to cause such additional Series Preferred Stock to be issued in series with variations, as may be determined by the Board of Directors prior to the issue thereof, as to the distinctive serial designations; as to the rate or rates of dividends payable thereon; as to the times of payment of and the dates, if any, from which such dividends shall be cumulative; as to the prices and terms upon which same may be redeemed; as to the amount or amounts which shall be paid to the holders thereof in case of voluntary or involuntary dissolution or any distribution of assets; as to voting powers, if any; as to the amount of any sinking fund; as to the purchase or redemption thereof, and as to rights to convert same into any other series or class or other securities; provided, however, that the stock of each such series of the same class shall in all other respects be equal. Series Preferred Stock purchased or reacquired shall not be cancelled and may be reissued, subject to the limitations of any applicable sinking funds, as Series Preferred Stock of such series or classes as the Board of Directors shall from time to time prescribe as provided in Section I, Sub-section (2)(b)."

and be it further

RESOLVED, that a Special Meeting of the stockholders of Atlantic Coast Line Railroad Company be and hereby is called to be held at the office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, on Friday, May 14th, 1948, at 11:00 o'clock A. M., Eastern Standard Time; that in lieu of closing the transfer books of this Company prior to said meeting, this Board does hereby fix 3:00 o'clock P. M., Eastern Standard Time, on Wednesday, April 21st, 1948, as the time and date of record for determination of stockholders entitled to notice of and to vote at said meeting, and that the Secretary of this Company be and he is hereby directed to give notice to the stockholders in accordance with law that they will be called on at said special meeting of the stockholders to vote on the recommendation of the Board of Directors for acceptance of the Plan of reorganisation of Florida East Coast Railway Company as approved by the Interstate Commerce Commission in its Reports and Orders, dated April 8th, 1947, and March 25th, 1948, in the pending Florida East Coast Railway Company reorganisation proceeding, and assent to the acquisition of the properties of Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan, and on the proposed amendment of the Charter of the Company as recommended by the Board of Directors, setting forth in said notice the subjects to be acted on at such special meeting, and be it further

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RESOLVED, that the foregoing resolutions be and they are hereby referred to the special meeting of stockholders to be held on May 14th, 1948, in Richmond, Virginia, and that when said meeting of stockholders has been regularly convened, the Secretary be and he is hereby directed to certify to said meeting a copy of the aforesaid resolutions this day adopted by the Board of Directors.

RESOLVED, FURTHER, that the Chairman be and he is hereby directed to take all necessary action, in accordance with the Rules and Regulations of the Securities and Exchange Commission, for soliciting from each record holder of stock of this Company a proxy appointing F. B. Adams and C. McD. Davis, as attorneys and proxies, with full power of substitution, and authorizing either of them or any substitute or substitutes thereof, to vote such stock upon all matters that may lawfully come before the Special Meeting of stockholders of this Company to be held on May 14th, 1948.

RESOLVED, FURTHER, that in the event the stockholders of this Company at their special meeting to be held on May 14th, 1948, approve the proposals to be submitted to them thereat as this day recommended by this Board, the proper officers of this Company be and they are hereby authorized and directed to take such other and further action as may be necessary to effect the Plan of reorganization of Florida East Coast Railway Company and the amendment of the Charter of this Company.

The Chairman then stated that each of the ten Directors present had voted in favor of the foregoing preamble and resolutions and that only two of the Directors of the Company were not able to attend the meeting, namely: Messrs. Millard F. Jones and Samuel H. Swint; that each having been fully advised concerning the matters to be submitted to the meeting had written letters to the Secretary of the Company. Upon reading of the letters to the meeting it was ordered that the same be spread in the minutes of this meeting, as follows:

"Rocky Mount, North Carolina
April 9, 1948

Mr. F. D. Lemmon, Secretary,
Atlantic Coast Line Railroad Company,
71 Broadway, New York 6, N. Y.

Dear Mr. Lemmon:

I wired you that I was unable to attend the special meeting of the Board of Directors of the Company called for April 9 unless I was needed to make a quorum and I understand from your letter of the first that you have a quorum assured for this meeting.

I understand that the special business to be considered at this meeting is the recommendations that the stockholders approve the Florida East Coast Railway Company reorganization plan by the Interstate Commerce Commission in the reports and orders dated April 8, 1947, and March 25, 1948 and that an amendment of the Atlantic Coast Line Railroad Company's charter with reference to preferred stock of the company will also be offered.

In view of the understanding I have of these proposals, I would vote in favor of same, if I were present.

If you so desire, you may read this letter at the Board meeting on April 9.

Very truly yours,

(Sgd.) Millard F. Jones"

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"Graniteville, South Carolina
April 7, 1948

Mr. F. D. Lemmon, Secretary
Atlantic Coast Line Railroad Co.
71 Broadway, New York 6, N. Y.

Dear Mr. Lemmon:

I have previously advised you that I could not attend the special meeting of the Board of Directors of Atlantic Coast Line Railroad Company to be held in New York City on April the ninth.

I now understand that the meeting will receive proposals to recommend to the stockholders that they approve the plan of reorganization of the Florida East Coast Railway Company as set forth in Report and Order of the Interstate Commerce Commission, dated April 8, 1947, affirmed by its Report and Order, dated March 25, 1948, and amendment of the Company's Charter with respect to the provisions concerning the authorized Preferred Stock.

It is my view that the proposals should be recommended to the stockholders and if I were to be present, I would vote in favor of doing so.

I will be pleased if you will state my views to the Board at its meeting on April the ninth.

Sincerely yours,

(Sgd.) S. H. Swint."

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of special meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on April 9th, 1948, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold
Assistant Secretary.

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The Chairman stated that there is now to be considered and acted upon the proposal as set forth in the notice of this special meeting of the stockholders duly given as required by law and, by his direction, the Secretary read the resolutions adopted by the Board of Directors at its meeting held in New York City, N. Y., on April 9th, 1948, as certified by him to be correct, recommending the said proposal to the stockholders, which resolutions are as follows:

"RESOLVED, that this Board of Directors considers the Plan of reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated April 8th, 1947, and March 25th, 1948, to be fair and in the best interests of the stockholders and does now recommend to the stockholders acceptance of said Plan and assent to the acquisition of the properties of Florida East Coast Railway Company as provided in said Plan, and that the Board of Directors be empowered to consummate such Plan when approved by the Court and to issue such securities, make such cash payment and take such other action as may be required, and be it further

"RESOLVED, that in order to effect the acquisition of the properties of Florida East Coast Railway Company and to issue the class of preferred stock specified by the Interstate Commerce Commission in its Report and Order dated April 8th, 1947, as affirmed by its Report and Order dated March 25th, 1948, this Board of Directors of this Company now recommends to the stockholders that the Charter of this Company as now existing be amended by eliminating from Sub-section (2)(b) of Section I of the Amendment of 1946 the words and figures reading as follows:

> 'that the dividend rate shall not exceed $5.00 per share per annum; that dividends in arrears for more than three years shall cease to be cumulative; that the redemption price shall not exceed $110 per share; and that the amount to be paid to the holders thereof in case of voluntary or involuntary dissolution, or any distribution of assets, shall not exceed $100 per share; and'

so that said Sub-section (2)(b) of Section I will then read:

> '(b) not more than the difference between 150,000 shares of Preferred Stock and the number of shares of Original Preferred Stock which may be outstanding at any time is hereby designated 'Series Preferred Stock'. The Board of Directors may from time to time issue Series Preferred Stock of the Company up to the maximum limit fixed by this amendment, and may dispose of such additional issue or issues at such prices, for such consideration, and on such terms and conditions as they may deem for the best interest of the Company. The Board of Directors are empowered to cause such additional Series Preferred Stock to be issued in series with variations, as may be determined by the Board of Directors prior to the issue thereof, as to the distinctive serial designations; as to the rate or rates of dividends payable thereon; as to the times of payment of and the dates, if any, from which such dividends shall be cumulative; as to the prices and terms upon which same may be redeemed; as to the amount or amounts which shall be paid to the holders thereof in case of voluntary or

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involuntary dissolution or any distribution of assets; as to voting powers, if any; as to the amount of any sinking fund; as to the purchase or redemption thereof, and as to rights to convert same into any other series or class or other securities; provided, however, that the stock of each such series of the same class shall in all other respects be equal. Series Preferred Stock purchased or reacquired shall not be cancelled and may be reissued, subject to the limitations of any applicable sinking funds, as Series Preferred Stock of such series or classes as the Board of Directors shall from time to time prescribe as provided in Section I, Sub-section (2)(b);"

and be it further

"RESOLVED, that a Special meeting of the stockholders of Atlantic Coast Line Railroad Company be and hereby is called to be held at the office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, on Friday, May 14th, 1948, at 11:00 o'clock A. M., Eastern Standard Time; that in lieu of closing the transfer books of this Company prior to said meeting, this Board does hereby fix 3:00 o'clock P. M., Eastern Standard Time, on Wednesday, April 21st, 1948, as the time and date of record for determination of stockholders entitled to notice of and to vote at said meeting, and that the Secretary of this Company be and he is hereby directed to give notice to the stockholders in accordance with law that they will be called on at said special meeting of the stockholders to vote on the recommendation of the Board of Directors for acceptance of the Plan of reorganization of Florida East Coast Railway Company as approved by the Interstate Commerce Commission in its Reports and Orders, dated April 8th, 1947, and March 25th, 1948, in the pending Florida East Coast Railway Company reorganization proceeding, and assent to the acquisition of the properties of Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan, and on the proposed amendment of the Charter of the Company as recommended by the Board of Directors, setting forth in said notice the subjects to be acted on at such special meeting, and be it further

"RESOLVED, that the foregoing resolutions be and they are hereby referred to the special meeting of stockholders to be held on May 14t 1948, in Richmond, Virginia, and that when said meeting of stockholders has been regularly convened, the Secretary be and he is hereby directed to certify to said meeting a copy of the aforesaid resolutions this day adopted by the Board of Directors."

The Secretary stated that the resolutions as read had been unanimously adopted by the ten members of the Board present at the meeting; that the two Directors who were absent had written letters stating that they were informed of and would vote in approval of the proposed action if present, and that their letters are incorporated in the minutes of said meeting of the Board.

Thereupon Mr. Roland L. Redmond moved, seconded by Mr. Millard F. Jones, the adoption of the following resolutions:

RESOLVED, that the Stockholders of Atlantic Coast Line RailroadCompany in meeting assembled do hereby accept the Plan of reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders,

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dated April 8th, 1947, and March 25th, 1948, in the pending Florida East Coast Railway Company reorganization proceeding, and hereby assent to the acquisition of the properties of that Company by Atlantic Coast Line Railroad Company as provided in said Plan; and that the Board of Directors of this Company are hereby authorized to consummate such Plan when approved by the Court and to issue such securities, make such cash payment and take such other action as may be required, all as recommended to the Stockholders of the Company in the resolution of the Board of Directors adopted at its meeting on April 9th, 1948, as certified to this meeting and adopted and incorporated in this resolution by reference; and

RESOLVED, that the amendment of Sub-section (2)(b) of Section I of the Amendment of 1946 to the Charter of Atlantic Coast Line Railroad Company, as recommended to the Stockholders of the Company as set forth in the resolution of the Board of Directors adopted at its meeting on April 9th, 1948, and certified to this meeting for its action, be and the same is hereby approved and adopted and incorporated in this resolution by reference; and

RESOLVED, that the President or a Vice-President and the Secretary, or an Assistant Secretary, of this Company be and they are hereby authorized to certify under seal and attest according to law a copy of the resolution as set forth in the proceedings of the meeting of the Board of Directors recommending the amendment of Sub-section (2)(b) of Section I of the Amendment of 1946 to the Charter of this Company, together with a copy of the resolution this day adopted by the Stockholders of this Company adopting such recommendation, and to deliver the same to the State Corporation Commission of Virginia as the application of this Company for an amendment to its Charter in the respect recommended by the Board of Directors and incorporated by reference in this resolution.

Following discussion of questions with respect to the proposal, the Chairman called for the vote and appointed Messrs. F. D. Lemmon, P. Nichols and C. C. Howell to act as Tellers to tally and report the vote of all of the stock represented in person and by proxy at the meeting for and against the proposal and the motion to adopt the same.

The Tellers after having tallied the shares of stock voted by those stockholders present and voting in person and by Messrs. F. B. Adams and C. McD. Davis, attorneys for stockholders voting by proxy, aggregating 689,844 shares, reported as follows:

	Vote FOR (shares)	Percent of stock represented voting FOR	Percent of stock outstanding voting FOR	Vote AGAINST (shares)
Original Preferred Stock....	1,070	-	68.85%	None
Common Stock.....	688,006	-	83.55%	768
Total.....	689,076	99.88%	83.52%	768

The Chairman then declared that the resolutions submitted to this meeting for adoption of the proposal as recommended by the Board of Directors and described in the notice of the meeting had been adopted by the affirmative vote of 1,070 shares of Original Preferred Stock, or 68.85 percent of the total thereof outstanding and 688,006 shares of Common Stock, or 83.55 percent of the total thereof outstanding, which is in excess of the vote required by the laws of Virginia.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, do hereby certify that the above and foregoing is a correct excerpt from the minutes of special meeting of the stockholders of Atlantic Coast Line Railroad Company, duly called and held at Richmond, Virginia, on May 14th, 1948.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

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The Chairman stated that, as authorized by the Stockholders of this Company at their special meeting held May 14th, 1948, there had been delivered to and filed on May 17th, 1948, with the State Corporation Commission of Virginia the application of this Company for an amendment of Sub-section (2)(b) of Section I of the Charter Amendment of 1946 with respect to the authorized Series Preferred Stock as recommended by this Board of Directors at its meeting held on April 9th, 1948, and approved and adopted by the Stockholders at their aforementioned meeting on May 14th, 1948, and that the said State Corporation Commission of Virginia had issued its order that the Charter of this Company had been amended as set forth in said application. The Chairman then submitted to the meeting copy of the Certificate for Amendment of the Charter of this Company filed, as above mentioned, with the State Corporation Commission of Virginia, together with copy of the order of the State Corporation Commission issued May 17th, 1948, granting said Amendment and of Certificate of the Clerk of said Commission attesting that the same were true copies as filed and admitted to record on May 17th, 1948, all of which reads as follows:

CERTIFICATE FOR AMENDMENT
of the
CHARTER
of
ATLANTIC COAST LINE RAILROAD COMPANY

WHEREAS, Atlantic Coast Line Railroad Company, a corporation created and existing under an Act of the General Assembly of the Commonwealth of Virginia, and Acts amendatory thereof enacted prior to July 10, 1902, and Certificate for Amendment of its Charter as filed with and admitted to record by the State Corporation Commission of Virginia on May 13, 1946, desires to have its charter amended in the manner permitted by the laws of Virginia so as to eliminate certain provisions as to Series Preferred Stock from Sub-section (2) (b) of Section I of the said Amendment of 1946;

NOW, THEREFORE, to that end, A. C. McD. Davis, President of said corporation, under the seal of the corporation, attested by F. D. Lasman, the Secretary thereof, do hereby certify as follows:

FIRST: That on the 9th day of April, 1948, after due notice to all of the Directors of the Company, there was held at its office in the City of New York a meeting of its Board of Directors, at which a majority of the Directors were present and unanimously adopted the following resolutions:

"RESOLVED, that in order to effect the acquisition of the properties of Florida East Coast Railway Company and to issue the class of preferred stock specified by the Interstate Commerce Commission in its Report and Order dated April 8th, 1947, as affirmed by its Report and Order dated March 25th, 1948, this Board of Directors of this Company now recommends to the stockholders that the Charter of this Company as now existing be amended by eliminating from Sub-section (2) (b) of Section I of the Amendment of 1946 the words and figures reading as follows:

"that the dividend rate shall not exceed $5.00 per share per annum; that dividends in arrears for more than three years shall cease to be cumulative; that the redemption price shall not exceed $110 per share; and that the amount to be paid to the holders thereof in case of voluntary or involuntary dissolution, or any distribution of assets, shall not exceed $100 per share; and",

so that said Sub-section (2) (b) of Section I will then read:

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"(b) not more than the difference between 150,000 shares of Preferred Stock and the number of shares of Original Preferred Stock which may be outstanding at any time is hereby designated 'Series Preferred Stock'. The Board of Directors may from time to time issue Series Preferred Stock of the Company up to the maximum limit fixed by this amendment, and may dispose of such additional issue or issues at such prices, for such consideration, and on such terms and conditions as they may deem for the best interest of the Company. The Board of Directors are empowered to cause such additional Series Preferred Stock to be issued in series with variations, as may be determined by the Board of Directors prior to the issue thereof, as to the distinctive serial designations; as to the rate or rates of dividends payable thereon; as to the times of payment of and the dates, if any, from which such dividends shall be cumulative; as to the prices and terms upon which same may be redeemed; as to the amount or amounts which shall be paid to the holders thereof in case of voluntary or involuntary dissolution or any distribution of assets; as to voting powers, if any; as to the amount of any sinking fund; as to the purchase or redemption thereof, and as to rights to convert same into any other series or class or other securities; provided, however, that the stock of such such series of the same class shall in all other respects be equal. Series Preferred Stock purchased or reacquired shall not be cancelled and may be reissued, subject to the limitations of any applicable sinking funds, as Series Preferred Stock of such series or classes as the Board of Directors shall from time to time prescribe as provided in Section I, Sub-section (2) (b)."

and be it further

"RESOLVED, that a Special Meeting of the stockholders of Atlantic Coast Line Railroad Company be and hereby is called to be held at the office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, on Friday, May 14th, 1948, at 11:00 o'clock A. M., Eastern Standard Time; that in lieu of closing the transfer books of this Company prior to said meeting, this Board does hereby fix 3:00 o'clock P. M., Eastern Standard Time, on Wednesday, April 21st, 1948, as the time and date of record for determination of stockholders entitled to notice of and to vote at said meeting, and that the Secretary of this Company be and he is hereby directed to give notice to the stockholders in accordance with law that they will be called on at said special meeting of the stockholders to vote on the recommendation of the Board of Directors for acceptance of the Plan of reorganization of Florida East Coast Railway Company as approved by the Interstate Commerce Commission in its Reports and Orders, dated April 8th, 1947, and March 25th, 1948, in the pending Florida East Coast Railway Company reorganization proceeding, and assent to the acquisition of the properties of Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan, and on the proposed amendment of the Charter of the Company as recommended by the Board of Directors, setting forth in said notice the subjects to be acted on at such special meeting, and be it further

"RESOLVED, that the foregoing resolutions be and they are hereby referred to the special meeting of stockholders to be held on May 14th, 1948, in Richmond, Virginia, and that when said meeting of stockholders has been regularly convened, the Secretary be and he is hereby directed to certify to said meeting a copy of the aforesaid resolutions this day adopted by the Board of Directors."

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SECOND: That on the 14th day of May, 1948, there was held at the Office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, a meeting of the Stockholders, after ten days' notice to all Stockholders entitled to vote thereat, by mailing notice as required by law, and by publication in a daily paper in the City of Richmond, Virginia, six times a week for two successive weeks, such notice stating the time, place and general object of the meeting; that the total number of shares of Common and Preferred Stock issued and outstanding, and the amount of each present at the meeting in person or by proxy was as follows:

	Issued and Outstanding	Present at the meeting
Original Preferred Stock.....	1,554 shares	1,070 shares
Common Stock.....	823,427 shares	688,774 shares;

that the foregoing resolutions adopted by the Board of Directors on April 9, 1948, proposing to amend the Charter of the Company in the manner therein set out were submitted to the meeting, and that the following resolutions were adopted by a vote in excess of two-thirds of the stock present or represented and voting, which two-thirds amounted to more than a majority in interest of the capital stock of the Company, namely 689,076 shares voted for and 768 shares voted against said resolutions; and the following resolutions were also adopted by a vote in excess of two-thirds in interest of each class of stockholders, namely 1,070 shares of Original Preferred Stock and 688,006 shares of Common Stock voted for, and no shares of Original Preferred Stock and 768 shares of Common Stock voted against said resolutions, viz:

"RESOLVED, that the amendment of Sub-section (2) (b) of Section I of the Amendment of 1946 to the Charter of Atlantic Coast Line Railroad Company, as recommended to the Stockholders of the Company as set forth in the resolution of the Board of Directors adopted at its meeting on April 9th, 1948, and certified to this meeting for its action, be and the same is hereby approved and adopted and incorporated in this resolution by reference; and

"RESOLVED, that the President or a Vice-President and the Secretary, or an Assistant Secretary, of this Company be and they are hereby authorized to certify under seal and attest according to law a copy of the resolution as set forth in the proceedings of the meeting of the Board of Directors recommending the amendment of Sub-section (2) (b) of Section I of the Amendment of 1946 to the Charter of this Company, together with a copy of the resolution this day adopted by the Stockholders of this Company adopting such recommendation, and to deliver the same to the State Corporation Commission of Virginia as the application of this Company for an amendment to its Charter in the respect recommended by the Board of Directors and incorporated by reference in this resolution."

THIRD: That the proceedings of said meetings were duly entered in the minute book of the Company.

Therefore, this Certificate is now signed by C. McR. Davis, President of Atlantic Coast Line Railroad Company, with its corporate seal hereto affixed, and attested by F. D. Lemmon, as Secretary, this 14th day of May, 1948.

C. McR. Davis
President of
Atlantic Coast Line Railroad Company

Attest:

F. D. Lemmon
Secretary.

BLEED THROUGH

POOR COPY

COMMONWEALTH OF VIRGINIA,
CITY OF RICHMOND, to-wit:

I, L. T. Oliver, a Notary Public in and for the City of Richmond, in the Commonwealth of Virginia, do certify that C. McD. Davis, President, and F. D. Lemmon, Secretary, whose names are signed to the foregoing writing bearing date of May 14, 1948, have acknowledged the same before me in my City aforesaid.

Given under my hand this 14th day of May, 1948.

My commission expires July 4, 1948.

L. T. Oliver
Notary Public.

(Notarial Seal)

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF THE STATE CORPORATION COMMISSION

City of Richmond, 17th day of May, 1948.

The accompanying certificate for an amendment to the charter of the Atlantic Coast Line Railroad Company signed in accordance with law, by C. McD. Davis, its President under the seal of said corporation, attested by F. D. Lemmon, its Secretary, and duly acknowledged by them, having been presented to the State Corporation Commission, and the fee, if any, required by law having been paid, the State Corporation Commission having examined said application, now declares that the Atlantic Coast Line Railroad Company has complied with the requirements of law, and is entitled to the amendment or alteration of its charter set forth in said application. Therefore, it is ordered that the charter of the Atlantic Coast Line Railroad Company a corporation created by the General Assembly of Virginia be and the same is amended and altered in the manner and for the purposes set forth in said application. pursuant to the provisions of law.

The said application, with this order, is hereby ordered to be admitted to record.

W. Marshall King
Chairman.

Attest:

H. W. Atkinson
Clerk of the Commission.

(SEAL)

COPY BOUND CLOSE TO EDGE

COMMONWEALTH OF VIRGINIA,
Office of the State Corporation Commission.

In the CITY OF RICHMOND, the 17th day of May, 1948.

The foregoing amendment to the charter of Atlantic Coast Line Railroad Company was this day received and duly admitted to record in this office according to law.

STATE CORPORATION COMMISSION,

By W. Marshall King
Chairman.

Attest:

N. W. Atkinson
Clerk of the Commission.

COMMONWEALTH OF VIRGINIA
Department of the
State Corporation Commission

I, N. W. Atkinson, Clerk of the State Corporation Commission, do hereby certify that the foregoing is a true copy of Certificate for Amendment to the Charter of

ATLANTIC COAST LINE RAILROAD COMPANY,

on file and admitted to record in the Clerk's Office of the State Corporation Commission on the 17th day of May, 1948.

IN TESTIMONY WHEREOF I hereunto set my hand and affix the Official Seal of the State Corporation Commission, at Richmond, this 19th day of May, A. D. 1948.

N. W. Atkinson
Clerk of the Commission.

(SEAL)

Whereupon, on motion, duly made and seconded, it was unanimously
RESOLVED, that the action of the officers of this Company in filing the foregoing Certificate for Amendment of the Charter of this Company with the State Corporation Commission of Virginia be and is ratified and confirmed.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on June 17th, 1948, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold
Assistant Secretary.

BLEED THROUGH

POOR COPY

The President recommended to the Board that this Company's counsel in the proceedings for the reorganization of the Florida East Coast Railway Company be authorized to file a Notice, to be dated October 21st, 1948, in the District Court of the United States for the Southern District of Florida reading substantially as follows:

PLEASE TAKE NOTICE that, to confirm and evidence the adoption by Atlantic Coast Line Railroad Company of the Plan of Reorganization of the Debtor certified to the United States District Court for the Southern District of Florida by the Interstate Commerce Commission on or about April 5th, 1948, Atlantic Coast Line Railroad Company is filing the following, copies of which are attached:

A. Excerpt, duly certified by F. D. Lesmon, Secretary, Atlantic Coast Line Railroad Company, from the minutes of a special meeting of the Board of Directors of Atlantic Coast Line Railroad Company held on June 2nd, 1947.

B. Excerpt, duly certified by F. D. Lesmon, Secretary, Atlantic Coast Line Railroad Company, from the minutes of a special meeting of the Board of Directors of Atlantic Coast Line Railroad Company held on April 9th, 1948.

C. Copy, duly certified by F. D. Lesmon, Secretary, Atlantic Coast Line Railroad Company, of Notice and Proxy Statement issued in connection with a special meeting of stockholders of Atlantic Coast Line Railroad Company held on May 14th, 1948, mailed to each stockholder of record at the close of business on April 21st, 1948.

D. Copy, duly certified by F. D. Lesmon, Secretary, Atlantic Coast Line Railroad Company, of Proxy issued in connection with a special meeting of stockholders of Atlantic Coast Line Railroad Company held on May 14th, 1948, mailed to each stockholder of record at the close of business on April 21st, 1948.

E. Copy, duly certified by F. D. Lesmon, Secretary, Atlantic Coast Line Railroad Company, of the minutes of a special meeting of stockholders of Atlantic Coast Line Railroad Company held on May 14th, 1948.

F. Certificate for Amendment of the Charter of Atlantic Coast Line Railroad Company on file and admitted to record in the Clerk's office, State Corporation Commission of the Commonwealth of Virginia, on May 17th, 1948, certified by the Clerk of the State Corporation Commission.

By virtue of the adoption of said Plan Atlantic Coast Line Railroad Company will be bound by any Orders of the Court with respect to said Plan, but does not waive any right to apply for a modification or amendment of, or any other right or remedy with respect to, any such Order.

An excerpt from the minutes of this meeting would also be incorporated in said Notice.

The President further stated that this Company's counsel in said reorganization proceedings have taken the position, on instructions of the proper officers of this Company, that under the Commission's Plan the Court has the power to determine,

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consistently with the Commission's Plan, the total amount of cash which shall be distributed to the holders of the Florida East Coast Railway Company First and Refunding Mortgage Bonds from the estate of the Florida East Coast Railway Company or from any payment or payments to be made by Atlantic Coast Line Railroad Company and the total amount of cash which shall be paid by Atlantic Coast Line Railroad Company in respect of (a) the cash payment of $4,125,000 referred to in the Plan and (b) the additions and betterments referred to in the Commission's Report of March 29th, 1948.

After full discussion by the Board it was, on motion, duly made and seconded, unanimously

RESOLVED, that this Company's counsel in the proceedings for the reorganization of the Florida East Coast Railway Company be and are hereby authorized to file aforesaid Notice, to be dated October 21st, 1948, in the District Court of the United States for the Southern District of Florida, and that the action of the officers of this Company in authorizing such counsel to take the position hereinabove set forth with respect to the determination by the Court of the total amount of cash which shall be paid by Atlantic Coast Line Railroad Company under the Interstate Commerce Commission's Plan of Reorganization for the Florida East Coast Railway Company, be and is hereby ratified and approved.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on October 21st, 1948, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold
Assistant Secretary.

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The Chairman referred to the hearing held by Judge Samuel H. Sibley in the District Court of the United States for the Southern District of Florida, in Jacksonville, Florida, beginning January 10th, 1949, on the plan for reorganization of the Florida East Coast Railway Company heretofore certified to said Court by Orders of the Interstate Commerce Commission, Finance Docket No. 13170, which plan provided for the unification of the properties of the Florida East Coast Railway Company with those of Atlantic Coast Line Railroad Company. He then stated that on January 22nd, 1949, Judge Sibley had filed his opinion on the matter in which he disapproved the said plan and had referred the proceedings back to the Interstate Commerce Commission. The Chairman and the President reviewed the talks which they had had with counsel for this Company in said proceeding with respect to the prospects of a successful appeal.

Whereupon, on motion, duly made and seconded, it was

RESOLVED, that the President of this Company be and hereby is authorized and directed to instruct counsel acting for this Company in the proceedings for the reorganization of the Florida East Coast Railway Company to take all such action and to file all such papers in and for this Company in order that an appeal from the above-mentioned decision by Judge Samuel H. Sibley rendered on January 22nd, 1949, shall be taken to the United States Court of Appeals for the Fifth Circuit.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Executive Committee of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on January 25th, 1949, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

The President reminded the Board that the Interstate Commerce Commission has scheduled further hearing in the Florida East Coast Railway Company Reorganization to commence July 11, 1950, and has requested the parties to transmit proposed exhibits and proposed plans by June 30, 1950. He stated that a draft of a provisional modified plan has been prepared and summarized its features, and explained that in the draft of the provisional modified plan the amounts of cash to be paid and of Atlantic Coast Line Railroad Company securities to be issued for the Florida East Coast Railway properties are not specified, and that it is expected to transmit the provisional modified plan containing blanks as to such amounts.

After discussion, and on motion, duly made and seconded, it was unanimously

RESOLVED, that the President or any Vice-President is authorized to file on behalf of this Company with the Interstate Commerce Commission a provisional modified plan of reorganization of the Florida East Coast Railway Company as outlined by the President at this meeting in such form as the President and counsel may approve.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on June 15th, 1950, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1953.

A. J. Rappold
Assistant Secretary.

BLEED THROUGH

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The President reported on the hearing in the Florida East Coast Railway Company Reorganization before R. T. Boyden, Assistant Director, Bureau of Finance, and R. H. Jewell, Chief, Section of Loans and Reorganization, of the Interstate Commerce Commission on July 11-14, 1950, explaining among other things that as a result of rulings made by Assistant Director Boyden a submittal had been made to distribute a definitive proposed Modified Plan of Reorganization by July 26, 1950, and to file the same promptly thereafter; and he recommended that the Board authorize the distribution and filing of such a definitive proposed Modified Plan of Reorganization, based on the Provisional Modified Plan of Reorganization dated June 30, 1950, with insertions as follows:

1. In Section VI, "Cash Reserves":
   Reserve for Improvements $8,305,776;
   Reserve for Reorganization Expenses $800,000;

2. In Section VII, "Cash Distributions":
   Allowances as follows: Materials and Supplies $2,600,000;
   First Mortgage Bonds $12,000,000; Working Capital $1,000,000;

3. In Section IX, "Cash Payable, and New Securities Issuable, by the Atlantic Coast Line Railroad Company":

	Amount
Cash	$ 4,842,186
Atlantic Coast Line Railroad Company Divisional First Mortgage Fixed Interest 3-3/4-per cent 25-Year Bonds	13,500,000
Atlantic Coast Line Railroad Company General Income Divisional Mortgage 4-1/4-per cent 75-Year Bonds	9,000,000
Atlantic Coast Line Railroad Company Participating Cumulative Convertible $100 Par-Value 4-per cent Dividend Preferred Stock	9,000,000
Atlantic Coast Line Railroad Company No-Par Common Stock (stated at $100 Per Share)	6,000,000
Total	$42,342,186

and

4. A statement with respect to possible modifications by the Commission of this Company's proposed Modified Plan to be incorporated in the Introductory Statement, substantially identical with that contained in the Plan of Reorganization proposed by this Company dated October 22, 1945.

The President explained that there had not been sufficient time to prepare a complete draft of the definitive proposed Modified Plan of Reorganization, and that, if the requested authority is granted by this Board, such changes, consistent with the authority granted, in the text of the proposed Modified Plan of Reorganization will be made as deemed suitable to the President and counsel.

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After discussion, on motion, duly made and seconded, it was unanimously RESOLVED, that the President's recommendation with respect to the distribution and filing of a definitive proposed Modified Plan of Reorganization of the Florida East Coast Railway Company is hereby approved, and he is hereby authorized to distribute and file such a Plan.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on July 20th, 1950, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

POOR COPY

BLEED THROUGH

The Chairman referred to the Sixth Supplemental Report, dated October 25, 1951, and the accompanying Order, in Florida East Coast Railway Company Reorganization, by which the Interstate Commerce Commission modified the plan of reorganization approved by the said Commission in its Fifth Supplemental Report and accompanying Order, dated July 12, 1951, and approved said plan as so modified. Mr. C. McD. Davis, President, then reviewed the Commission's Sixth Supplemental Report and the accompanying Order and stated that on November 9, 1951, the Commission had certified the approved plan to the United States District Court for the Southern District of Florida. Mr. Davis recommended that the Board adopt said plan of reorganization of the Florida East Coast Railway Company as certified by the Commission and authorize the proper officers of this Company to take the appropriate steps to secure the assent of the stockholders of this Company at such time as such officers deem appropriate.

Whereupon, after full discussion, it was, on motion, duly made and seconded, unanimously

RESOLVED, that this Board hereby adopts the plan of reorganization of Florida East Coast Railway Company which was certified by the Interstate Commerce Commission to the United States District Court for the Southern District of Florida on or about November 9, 1951, and authorizes the proper officers of this Company to take the appropriate steps to secure the assent of the stockholders of this Company at such time as such officers deem appropriate.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on November 15th, 1951, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

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The President referred to the adoption by this Board at its meeting on November 19th, 1951, of the plan for acquisition by this Company of the properties of the Florida East Coast Railway Company as approved by the Interstate Commerce Commission in its Fifth Supplemental Report and accompanying Order, dated July 12th, 1951, as modified by its Sixth Supplemental Report and accompanying Order, dated October 25th, 1951, and authorization by the Board at said meeting for taking of the appropriate steps to secure the assent of the stockholders of this Company at the time deemed appropriate by the officers of the Company. The President then stated that he, with the Chairman of the Board, had issued directions that a special meeting of the stockholders of the Company be held in Richmond, Virginia, at 10:00 o'clock A. M., January 15th, 1952, so that there shall be submitted to the stockholders a proposal for acceptance of and assent to the above mentioned Plan of Reorganization of the Florida East Coast Railway Company.

He then requested that the Board approve the action of the officers, as above reported, for the holding of a special meeting of the stockholders of the Company on January 15th, 1952, for the purpose as aforesaid.

After discussion by the Board, the full membership thereof being present and voting, the following preambles and resolutions were unanimously adopted:

WHEREAS, the Interstate Commerce Commission, by its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, has approved a Plan of Reorganization of the Florida East Coast Railway Company;

WHEREAS, this Board of Directors considers that said Plan of Reorganization is in the best interests of the stockholders of this Company and does now recommend that the stockholders accept said Plan and assent to the acquisition thereunder by this Company of the properties of the Florida East Coast Railway Company and authorize the Board of Directors to consummate such Plan, when confirmed by the Court, and to issue such securities, make such cash payment and take such other action as may be required and necessary;

Now, therefore, be it

RESOLVED, that this Board does hereby authorize and approve the call for a Special Meeting of the stockholders of Atlantic Coast Line Railroad Company to be held at the office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, on Tuesday, January 15th, 1952, at 10:00 o'clock A. M., Eastern Standard Time; that in lieu of closing the transfer books of this Company prior to said meeting, this Board does hereby fix 3:00 o'clock P. M., Eastern Standard Time, on Monday, December 31st, 1951, as the time and date of record for determination of stockholders entitled to notice of and to vote at said meeting, and that the Secretary of this Company be and he is hereby directed to give notice to the stockholders in accordance with law that they will be called on at said special meeting of the stockholders to vote on the recommendation of the Board of Directors for acceptance of the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, and assent to the acquisition of the properties of the Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan, setting forth in said notice the subject to be acted on at such special meeting.

RESOLVED, that the foregoing preambles and resolution be and they are hereby referred to the special meeting of stockholders to be held on January 15th, 1952, in Richmond, Virginia, and that when said meeting of stockholders has been regularly convened, the Secretary be and he is hereby directed to certify to said meeting a copy of the foregoing preambles and resolution this day adopted by the Board of Directors.

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BLEED THROUGH

RESOLVED, FURTHER, that the Chairman be and he is hereby directed to take all necessary action, in accordance with the Rules and Regulations of the Securities and Exchange Commission, for soliciting from each record holder of stock of this Company a proxy appointing A. L. M. Wiggins, F. H. Adams and C. McD. Davis, as attorneys and proxies, with full power of substitution, and authorizing any one of them or any substitute or substitutes thereof, to vote such stock upon all matters that may lawfully come before the special meeting of stockholders of this Company to be held on January 15th, 1952.

RESOLVED, FURTHER, that in the event the stockholders of this Company at their special meeting to be held on January 15th, 1952, approve the proposal to be submitted to them thereat as this day recommended by this Board, the proper officers of this Company be and they are hereby authorized and directed to take such other and further action as may be necessary to effect the aforesaid Plan of Reorganization of Florida East Coast Railway Company.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, certify the foregoing to be a correct excerpt from the minutes of meeting of the Board of Directors of Atlantic Coast Line Railroad Company, duly called and held at New York City, N. Y., on December 20th, 1951, at which a quorum was present and voted.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

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The Chairman stated that there is now to be considered and acted upon the proposal as set forth in the notice of this special meeting of the stockholders duly given as required by law and, by his direction, the Secretary read the preambles and resolutions adopted by the Board of Directors at its meeting held in New York City, N. Y., on December 20th, 1951, as certified by him to be correct, recommending the said proposal to the stockholders, which preambles and resolutions are as follows:

"WHEREAS, the Interstate Commerce Commission, by its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, has approved a Plan of Reorganization of the Florida East Coast Railway Company;

"WHEREAS, this Board of Directors considers that said Plan of Reorganization is in the best interests of the stockholders of this Company and does now recommend that the stockholders accept said Plan and assent to the acquisition thereunder by this Company of the properties of the Florida East Coast Railway Company and authorize the Board of Directors to consummate such Plan, when confirmed by the Court, and to issue such securities, make such cash payment and take such other action as may be required and necessary;

Now, therefore, be it

"RESOLVED, that this Board does hereby authorize and approve the call for a Special Meeting of the stockholders of Atlantic Coast Line Railroad Company to be held at the office of the Company in the Richmond Terminal Railway Station, in the City of Richmond, Virginia, on Tuesday, January 15th, 1952, at 10:00 o'clock A. M., Eastern Standard Time; that in lieu of closing the transfer books of this Company prior to said meeting, this Board does hereby fix 3:00 o'clock P. M., Eastern Standard Time, on Monday, December 31st, 1951, as the time and date of record for determination of stockholders entitled to notice of and to vote at said meeting, and that the Secretary of this Company be and he is hereby directed to give notice to the stockholders in accordance with law that they will be called on at said special meeting of the stockholders to vote on the recommendation of the Board of Directors for acceptance of the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, and assent to the acquisition of the properties of the Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan, setting forth in said notice the subject to be acted on at such special meeting.

"RESOLVED, that the foregoing preambles and resolution be and they are hereby referred to the special meeting of stockholders to be held on January 15th, 1952, in Richmond, Virginia, and that when said meeting of stockholders has been regularly convened, the Secretary be and he is hereby directed to certify to said meeting a copy of the foregoing preambles and resolution this day adopted by the Board of Directors."

The Secretary stated that the preambles and resolutions as read had been unanimously adopted by the thirteen members of the Board of Directors present at the meeting, constituting the entire membership of said Board.

Thereupon, Mr. C. McD. Davis moved, seconded by Mr. F. B. Adams, the adoption of the following resolution:

RESOLVED, that the Stockholders of Atlantic Coast Line Railroad Company in meeting assembled do hereby accept the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12th, 1951, and October 25th, 1951, in the pending Florida East Coast Railway Company reorganization proceeding, and hereby assent to the acquisition of the properties of that Company by Atlantic Coast Line Railroad Company as provided in said Plan; and that the Board of Directors of this Company are hereby authorized to consummate such Plan when confirmed by the Court and to issue such securities,

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make such cash payment and take such other action as may be required, all as recommended to the Stockholders of the Company in the preambles and resolutions of the Board of Directors adopted at its meeting on December 20th, 1951, as certified to this meeting and adopted and incorporated in this resolution by reference.

The Chairman then called for the vote on the resolution to adopt the proposal and appointed Messrs. F. D. Lennon, C. C. Howell and Lewis F. Ormond to act as tellers to tally and report the vote of all of the stock represented in person and by proxy at the meeting for and against the proposal and the motion to adopt the same.

The Tellers after having tallied the shares of stock voted by those stockholders present and voting in person and by Messrs. A. L. M. Wiggins, F. R. Adams and C. McD. Davis, attorneys for stockholders voting by proxy, aggregating 703,250 shares, or 85.24 percent of the total shares of capital stock of the Company outstanding, reported that 700,208 shares had been voted "FOR" and 3,042 shares had been voted "AGAINST" the proposal.

The Chairman then declared that the resolution submitted to this meeting for adoption of the proposal as recommended by the Board of Directors and described in the notice of the meeting had been adopted by the affirmative vote of 700,208 shares, or 84.87 percent of the total capital stock outstanding which is in excess of the vote required by the laws of Virginia.

I, A. J. Rappold, Assistant Secretary of Atlantic Coast Line Railroad Company, do hereby certify that the above and foregoing is a correct excerpt from the minutes of special meeting of the stockholders of Atlantic Coast Line Railroad Company, duly called and held at Richmond, Virginia, on January 15th, 1952.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 21st, 1952.

A. J. Rappold

Assistant Secretary.

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COMMISSIONERS
MATT L. MCWHORTER, Chairman
PERRY T. KNIGHT, Vice-Chairman
ALLEN CHAPPELL
WALTER R. McDONALD
JAMES A. PERRY

Y

A. O. RANDALL
SECRETARY

Georgia Public Service Commission

Atlanta

48271282

EXHIBIT V
FEC Ry
vs
CO
FILED in EVIDENCE
FEB 6 1952
Lucy R. Williams, Clerk

GEORGIA, FULTON COUNTY.

I, A. O. Randall, Secretary of the Georgia Public Service Commission, do hereby certify that the attached document being identified as Volume 1, Pages 1-101, of the transcript of the record in File 19470, Docket No. 9525-A - Application of Atlantic Coast Line Railroad Company for authority to discontinue operation of passenger Trains Nos. 57 and 58 between Savannah and the Georgia-Alabama State Line at a point near Saffold, is a true and correct copy of the original thereof which is on file with the Commission.

GIVEN UNDER MY HAND AND THE OFFICIAL SEAL OF THE GEORGIA PUBLIC SERVICE COMMISSION, this the 30th day of January, 1952.

A. O. Randall

FILE NO. 19470 DOCKET NO. 9525-A

Before the
GEORGIA PUBLIC SERVICE COMMISSION
30 CAPITOL SQUARE, S.W.
ATLANTA, GEORGIA

February 15, 1950

ATLANTIC COAST LINE RAILROAD COMPANY: Application for authority to discontinue operation of passenger Trains Nos. 57 and 58 between Savannah and the Georgia-Alabama State Line at a point near Saffold.

VOLUME 1

(Pages 1-101)

FRANK A. KNOX
OFFICIAL REPORTER
OF THE COMMISSION

APPEARANCES

For the Applicant

L. E. Pedrick, Attorney, Waycross, Georgia.

Douglas W. Matthews, Attorney, Atlanta, Ga.

For Protestants

J. Willis Conger, Attorney, Bainbridge, Ga.

Judge W. W. Douglas, Attorney, Savannah, Georgia.

Julian Webb, Attorney, Donalsonville, Ga.

Sen. Lee Purdom, Attorney, Blackshear, Ga.

Edwin A. Carlisle, Attorney, Cairo, Ga.

Lt. Gov. Marvin Griffin, Bainbridge, Ga.

Sen. W. B. Cochran, Jr., Thomasville, Ga.

Dewey Wood, Secretary, Chamber of Commerce, Thomasville, Ga.

Harry Thorne, Bainbridge, Georgia.

Mayor R. A. Griffin, Bainbridge, Ga.

Alderman H. B. Trollinger, Bainbridge, Ga.

W. J. Brocket, Merchant, Bainbridge, Ga.

Charles Thomas, " "

Fritz Franken, Merchant, Bainbridge, Ga.

Hayton Smith, Pres. & Treas., Columbia Drug Co., Savannah, Ga.

Steven K. Myers, Secretary, Solomons Co. Wholesale Drugs, Savannah, Ga.

Cliff Davenport, Executive Director, Chamber of Commerce, Savannah, Ga.

John F. Moore, Asst. Traffic Mgr., Savannah Traffic Bureau, Savannah, Ga.

Dr. H. H. McGregor, Mayor, Blackshear, Ga.

J. L. Barber, Councilman, Donalsonville, Ga.

APPEARANCES. Cont'd.

For Protestants

John H. Falk, Jr., Pres. Grady County Chamber of Commerce, & Chevolet Dealer, Cairo, Georgia.

Louis A. Powell, Manager, Grady County Chamber of Commerce, Cairo, Ga.

J. B. Pruitt, Atlanta, Georgia.

Emmett R. Culbreath, Clerk Superior Court, Bainbridge, Ga.

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FILE NO. 19470 DOCKET NO. 9525-A

Before the
GEORGIA PUBLIC SERVICE COMMISSION
30 CAPITOL SQUARE, S.W.
ATLANTA, GEORGIA

February 15, 1950

THE FOLLOWING WERE PRESENT REPRESENTING THE COMMISSION:

MATT L. McWHORTER, Chairman

PERRY T. KNIGHT, Vice-Chairman

JAMES A. PERRY, Commissioner

ALLEN CHAPPELL, Commissioner

Absent

WALTER R. McDONALD, Commissioner

CHAIRMAN McWHORTER: All right, gentlemen, we have the application of the Atlantic Coast Line Railroad Company for authority to discontinue daily operation of passenger Trains Nos. 57 and 58 between Savannah and the Georgia-Alabama State Line at a point near Saffold (enroute to Montgomery, Alabama) and to operate these trains on a tri-weekly basis, with Train No. 57 leaving Savannah on Mondays, Wednesdays and Fridays, and Train No. 58 leaving Montgomery on Tuesdays, Thursdays and Saturdays; also application to discontinue operation of both trains on Sundays.

Let us have the appearances for the Railroad, Atlantic Coast Line.

L. E. FEDRICK: L. E.Fedrick and Douglas W. Matthews. First named from Waycross. Mr. Matthews from Atlanta. Those are the attorneys in

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the case, Mr. Chairman.

CHAIRMAN McWHORTER: That's all we need.

Now let us have the appearances for the protestants.

J. WILLIS CONGER: Mr. Chairman, we have Judge W. W. Douglas, from Savannah.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: Julian Webb from Donaldsonville, Senator Lee Purdom, Blackshear, Edwin A. Carlisle from Cairo, and I am J. Willis Conger of Bainbridge.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: And I would like to enter at this time, if permissible, appearances for the interested constituency that we brought with us.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: We have Lt. Governor Marvin Griffin of Bainbridge.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: Senator W. B. Cochran, Jr., of Thomasville.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: Mr. Dewey Norwood, Secretary of the Chamber of Commerce, Thomasville.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: Mr. Charlie Hayes, Secretary of the Chamber of Commerce of Tallahassee.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: Mr. Harry Thorne of Bainbridge.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: Mayor R. A. Griffin of Bainbridge.

CHAIRMAN McWHORTER: All right, sir.

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MR. CONGER: Alderman H. B. Trollinger of Bainbridge.

CHAIRMAN McWHORTER: All right, sir.

MR. CONGER: Mr. W. J. Brocket, Merchant of Bainbridge, Mr. Charles Thomas of Bainbridge. Mr. Frits Franken of Bainbridge. And I would like to ask these other attorneys to introduce and make appearances for their constituents, and I will let Judge Douglas do it now for Savannah district.

JUDGE DOUGLAS: Mr. Kayton Smith, President and Treasurer of the Columbia Drug Company of Savannah. Mr. Steven K. Myers, Secretary of Solomons Company, Wholesale Drugs, Savannah, Georgia, Mr. Cliff Davenport, Executive Director of the Chamber of Commerce of Savannah, Mr. John F. Moore, Assistant Traffic Manager of the Savannah Traffic Bureau, which is a subsidiary of the Savannah Port Authority.

MR. CONGER: Now I will ask Senator Lee Purdom to make appearances for his constituents.

CHAIRMAN McWHORTER: All right, sir.

SENATOR PURDOM: Dr. H. H. McGregor, Mayor of the City of Blackshear.

MR. CONGER: Mr. Webb of Donalsonville.

MR. WEBB: Mr. J. L. Barber, Member of Council, City of Donalsonville.

MR. CONGER: Mr. Carlisle of Cairo.

MR. CARLISLE: Mr. John H. Falk, Jr., President of the Grady County Chamber of Commerce and Chevrolet Dealer, Cairo, and Mr. Louis A. Powell, Manager of Grady County Chamber of Commerce.

MR. CONGER: Those are the appearances for the protestants.

CHAIRMAN McWHORTER: Are there other appearances?

J. B. PRUITT: J. B. Pruitt, Atlanta, Georgia.

CHAIRMAN McWHORTER: Are there any other appearances?

All right, Mr. Pedrick, are you going to handle this?

MR. PEDRICK: Yes, sir.

CHAIRMAN McWHORTER: You may proceed with the presentation of your testimony.

MR. PEDRICK: Mr. Chairman, offer first, as applicant's Exhibit No. 1, a railroad map of Georgia, on which we have drawn the line from Savannah to Montgomery, that's the route of this train, in order that the Commission and those interested parties could have visual evidence of the routes as we go along. We ask that that be identified as Exhibit No. 1.

MR. CONGER: Mr. Chairman, not meaning or wishing to break into Mr. Pedrick's case, I thought probably he would avail himself of this opportunity to make a preliminary statement before he started introducing exhibits, and if he doesn't want to make his preliminary statement to which I think he is entitled, we would, as protestants, like to make a preliminary statement.

CHAIRMAN McWHORTER: Well, I believe - would you care to make a statement?

MR. PEDRICK: I thought in the interest of time, we probably all understood what the application was, but I would do that - if the Commission is going to hear preliminary statements I would certainly like to make one.

CHAIRMAN McWHORTER: Well, I presume that you have some questions about the procedure, or something like that?

MR. CONGER: If you please, sir, we are concerned with the fact that the only facts and figures that we have seen are based on the year 1948. I think this body will take judicial notice of the fact that in the year 1949 this particular section of the ACL was Dieselized and we contend of course that the figures in connection and dealing with steam operated

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locomotives are not pertinent to the issue as to whether these trains are making or losing money at this time, and of course the public convenience and necessity would be the same, but when it comes to the actual loss or gain of revenue by these trains, of course, whether steam operated or Diesel operated engines would be very material.

CHAIRMAN McWHORTER: Mr. Pedrick, do you, in your application you did include figures for 1948?

MR. PEDRICK: Mr. Chairman, I might explain that this application was filed early in '49. At that time of course the latest available figures were for the calendar year 1948. The hearing has been postponed from time to time. We expect of course to bring this Commission all available figures that we can possibly do. We will have positive figures in exhibit form for the first six months of 1949 and I anticipate that a witness, Mr. Anderson, that will appear, may be able to bring them a little closer even than July, '49, although they are not in exhibit form, but we do intend to bring to this Commission the latest available figures that we possibly can that would reflect on the operation of these trains.

CHAIRMAN McWHORTER: You expect to do that?

MR. PEDRICK: Yes, sir.

MR. CONGER: Well, now, Mr. Chairman, if you please, of course we have not had available to us any figures other than these '48 figures to study and get evidence up to refute those figures. We would, if he is going to introduce 1949 figures and we are going to insist that he either do that or withdraw his application, then we would have to ask for a 90 day continuance in which to study those figures and get up evidence to refute those figures.

MR. PEDRICK: Now, Mr. Chairman, if we do that, then we would never

get a hearing in this case, because it is difficult to bring these records up to any given point and certainly not within a few months of any hearing, and if we continue for 90 days then we've got another operation - we just can't bring them up to the last moment. They reflect as close as possible the operations that the figures are available for.

MR. CONGER: Well, Mr. Chairman, that Dieselization took place in May or June of 1949 and we'll be satisfied with any six months or 12 months period reflecting the actual operating cost after Dieselization.

CHAIRMAN McWHORTER: Well, I think, Mr. Conger, that we could proceed, because if evidence should be presented here that you felt that you could combat there would be no objection to giving you a reasonable length of time in which to study that evidence and come back and cross examine the witnesses. We have no set method of procedure here, the Commission is interested only in the facts and we frequently permit the utility or the railroad to put in evidence and then recess the hearing again and come back for cross examination.

MR. CONGER: But, sir, you are interested in facts as they exist at this time, not as they existed some 18 months ago. Now if you want to go back, we will use the year 1945, they can use those figures.

CHAIRMAN McWHORTER: I see no reason why the railroad shouldn't at this time, put in testimony - I mean put in the figures, either by oral testimony or exhibits to come within three months of the present time anyway, because I think it takes you about three months to get all the figures in. Isn't that about as long as it takes, Mr. Pedrick?

MR. PEDRICK: I'm not sure, but I - certainly we are going to bring them as up to date as possible.

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CHAIRMAN McWHORTER: We want to be agreeable to everybody if we can, but I think we can proceed with the evidence and if it develops that he can't furnish figures of recent enough date we could recess.

MR. CONGER: Well, sir, they have already furnished figures for newspapers, Wall Street Journal, etc., showing their net operating income for thear 1949. They have put out brochures showing their dividend earnings, their reserves and all of that for '49, and we are -

CHAIRMAN McWHORTER: Will it be agreeable with you to go ahead and see what they can put in?

MR. CONGER: Well, if they are going to use Dieselized figures, yes, sir, we will proceed and then we will have to ask for a continuance to study those figures, we just -

CHAIRMAN McWHORTER: Well, the Commission will give consideration to any reasonable request.

MR. CONGER: But we will object, sir, if you please, to any figures based on 1948 operations dealing with steam operated locomotives on the grounds that it has nothing to do with their present operating costs.

CHAIRMAN McWHORTER: Suppose we proceed.

MR. CONGER: All right, sir.

MR. PEDRICK: We also offer, as Exhibit No. 2 for the applicant, a highway map of Georgia, on which we have also outlined this line of railroad from Savannah to the Georgia line so that the interested parties will have before them the evidence of railroad line and highways. I will ask that these be identified as Exhibits 1 and 2, those that I have -

CHAIRMAN McWHORTER: All right, sir, these exhibits will be so identified.

(The documents above referred to were marked as ACL Exhibits 1 and 2 for identification.)

MR. PERRY: What next?

MR. PEDRICK: We are going to start into the testimony, Mr. Perry.

MR. PERRY: Oh.

MR. PEDRICK: Mr. Anderson, will you take the stand, please?

E. A. ANDERSON: On the stand, duly sworn, testified as follows:

DIRECT EXAMINATION

MR. PEDRICK:

Q You are A. E. Anderson?

WITNESS ANDERSON:

A My name is E. A. Anderson.

Q Mr. Anderson, what is your official capacity with the Atlantic Coast Line Railroad Company?

A I am the Assistant Comptroller, Atlantic Coast Line Railroad Company, address Wilmington, N. C.

Q How long have you been with the Atlantic Coast Line?

A I have been with the Atlantic Coast Line Railroad for the past eight years.

Q Prior to that in what -

A Prior to that for a period of some 16 years I was Examiner of Accounts, Interstate Commerce Commission, and for 8 years prior to that I was with railroads in the west.

Q And how much overall experience have you had with railroad accounting?

A Well, when you are with the Interstate Commerce Commission as Examiner of Accounts you get into everything.

Q Mr. Anderson, have you prepared an exhibit showing the "Net Railway Operating Income, and Rate of Return on Property Investment" of the

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Atlantic Coast Line Railroad Company for the years 1946, 1947, 1948 and 1949?

A I have, sir.

MR. PEDRICK: We would like this exhibit to be identified as Exhibit No. 3 for the applicant.

CHAIRMAN McWHORTER: All right, it will be so identified.

(The document above referred to was marked as ACL Exhibit No. 3 for identification.)

MR. PEDRICK:

Q Mr. Anderson, will you explain that Exhibit No. 3?

A Exhibit No. 3 sets forth the results of operation of the Atlantic Coast Line Railroad Company as a system, for the complete line, for the full year period 1946 through the year 1949. It shows the investments in properties, the total operating revenues, total operating expenses and the net railway operating income, as well as the rate of return upon investment. Net railway operating income, incidentally, consists of the total gross operating revenues minus the total gross operating expenses, plus or minus, as the case might be, the net equipment rentals, plus or minus as the case might be, the joint facility rents, minus the railway taxes. That is net railway operating income. This exhibit reflects in the year 1946 the Coast Line, before deductions for amortization and depreciation, earned on its investment 39/100 of 1%. In 1947 it earned 51/100 of 1% and in 1948 1-1/4% and in 1949 1.6%. The last column to the right sets forth the rate of return after deduction for amortization and depreciation which you will note for the year 1949 is some 92 millions of dollars, being the difference between $422 million and $330 million at the left side of the statement. In the year 1949, on the basis of net railway

operating income you will note a figure of $6,700,000., which is 1.6 or 1.6%. 1.6% of course is a very small earning on any property and if in the year 1949 the Coast Line had been fortunate enough to earn as much as 5% that figure would have been $16,500., or some $10 million greater. Net Railway operating income, from the standpoint of finances, does not have the meaning that some might think, because net railway operating income is a figure computed before you make payment of your interest on fixed charges. Certainly the interest on your funded debt should be deducted because it is upon the property that from which we earned the net railway operating income - it is on that same property that we pay the interest on the funded debt. Therefore at the lower portion of the exhibit I have shown what is termed "Adjusted Net Railway Operating Income", which is net railway operating income after fixed charges. Fixed charges is the interest on the debt. Note that in the year 1946 instead of earning a million and a half net railway operating income, that we earned nothing. We had a complete deficit, a deficit in fact of $2,500,000. In the year 1947 the result was about the same, we had a deficit of $2 million after fixed charges. 1948, which had a net railway operating income of $5,000,000., finally resolves itself to $1,135,000., after deducting for fixed charges; in the year 1949 it dropped to $2,477,000. after deduction for fixed charges. The year 1949, which was the better of the four years, still ended with a return on investment of only 59/100 of 1%, a small fraction in excess of 1/2 of 1%.

MR. FLINT: Mr. Anderson, may I interrupt you there just to clarify something?

A Yes, sir.

MR. FLINT: Now this figure, "Adjusted Net Railway Operating Income",

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would that be the equivalent to the amount available for dividends?

A That's what you would - from railway operations you would have to pay your dividends out of that, if you paid it.

MR. FLINT: Yes, sir.

A That wouldn't be all you would have to pay out of that, Mr. Flint. There are numerous other charges that a railroad - expenses I should say, that a railroad incurs, that is not included in that railway operating income and by necessity it likewise would have to come out of the adjusted net railway operating income.

CHAIRMAN McWHORTER: All right, Mr. Pedrick.

COMMISSIONER CHAPPELL: Mr. Anderson, what were some of those things that you were speaking about now that has to come out of that besides the dividends?

A Well, for instance, in the case of rentals for leased road, which in the Interstate Commerce Commission's classification is Account 542, if you rent a piece of railroad, a section of track or other property you charge it to Account 542 under the accounting regulations but it does not come up in net railway operating income because it's what is termed generally below the line, yet it's the same property from which you earn the revenue. You have rents on certain other types of property, buildings for instance, that don't go in net railway operating income. The fact of the matter is as you probably know, there are numerous accounts below net railway operating income.

MR. FLINT: Of course, on the other hand, that's also a figure before you return from affiliated companies, isn't it? I mean your earnings from affiliated companies would be added in there as well as these other amounts subtracted out, wouldn't they?

A You are speaking of net income, Mr. Flint?

MR. FLINT: Yes, sir.

A Oh, yes, this is before net income, yes, sir.

You will note that the investments in properties in the year 1949, how it increased over the year 1946 of some 24 millions of dollars. Of course this investment in property wasn't paid for out of cash, all of it, The fact of the matter is, our funded debt increased $20 million for purchase of new equipment, equipment, that we had to have for operations. That was purchased on the basis that our earnings in the future or that we would endeavor to have earnings in the future through the economies and cutting off of wasteful operations and our trust in the property.

MR. FEDRICK: Are there any other comments you care to make, Mr. Anderson, with respect to that Exhibit No. 3?

A Yes, sir. In 1948, at the close of 1948 rather, the ICC in its report to Congress, issued what we termed to be practically a mandate to carriers, to place their house in order and to eliminate wasteful operations, put in effect economies, etc. In other words, to endeavor to place themselves on a sound base. The Coast Line begun such an operation before the issuance of the Interstate Commerce Commission report and it did it by necessity. These figures will reflect, based even on net railway operating income, that it is necessary that the expenditures and economies of the carriers be under control at all times. Back in 1947 the Coast Line, due to its small earnings, discontinued or deferred certain maintainence costs, deferred certain repairs to equipment and put in effect other economies. This economy program was continued through 1948 and 1949, and I would like to mention just a few others that has an effect on the net results, and for the further reason to show that in these particular

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types of cases, train cases that they are general to all the states in which the Coast Line operates and they are just as applicable at one point of the system as they are in the State of Georgia. For instance, we have the case that has been before this Commission and its been heard before the Alabama Commission, of tri-weekly service between Birmingham and Manchester. Through authority of the North Carolina Commission, passenger service from Wilmington to Fayetteville was reduced; through authority of the Florida Commission, train operating between Jacksonville and St. Petersburg, Florida was discontinued. We have had cases both before the Virginia Commission and the North Carolina Commission to discontinue the operation of one train from Rocky Mount to Portsmouth. The Virginia Commission, incidentally, has already issued its order permitting that. We have the case before the Florida Commission for reduced service between Lakeland and Clewiston, Florida; through authority of the Interstate Commerce Commission, a branch line between Chadbourn and Fairmont, North Carolina will be abandoned. It is in progress now. Through authority of the Interstate Commerce Commission, last year we took up a branch line down in Florida from Balspur to Southfort, and we have one over in South Carolina around Bishopville and Elliott that is before the ICC. I just mention those because it is necessary that such operations as I have just mentioned be discontinued in order to preserve the carrier.

Q Now, that concludes your comments on Exhibit No. 3, does it, Mr. Anderson?

A Yes, sir.

Q Have you likewise had an exhibit prepared giving an analysis of "Net Railway Operating Income Divided as to Services Years 1946, '47 and '48, Inclusive"?

A Yes, sir.

MR. PEDRICK: I will ask that this be identified as Exhibit No. 4, Mr. Chairman?

CHAIRMAN McWHORTER: All right, it will be so identified,

(The above document was marked for identification as AC Exhibit No. 4.)

MR. PEDRICK:

Q Mr. Anderson, will you now explain the significance of Exhibit No. 4, and especially the relation of the passenger service to the freight service in the overall operation of the road the other comments that would permit the Commission and interested parties to understand the overall picture of the Company as a system?

MR. CONGER: Mr. Chairman, I would like to break in at this time to inquire as to why 1949 is not listed in Exhibit 4.

A I am going to tell you why, in fact, I was just getting ready to.

CHAIRMAN McWHORTER: Go ahead.

A Exhibit No. 4 is a separation of net railway operating income for the years 1946 to 1948 between Freight and passenger service. The year 1949 or figures for the year 1949 are not contained on that statement for the reason that it will be - it is impossible to compile such figures until about 3-1/2 months after the close of the year. You must remember that the separation of freight and passenger service can be compiled only after all of the figures for the year are in. Its an enormous task and while the figures are reported to the Interstate Commerce Commission, we are not required, due to the impossibility, to submit them to the Commission until March 31, 1950 for the 1949. If they were ready I would be delighted to have them on here.

CHAIRMAN McWHORTER: You don't work those up until the end of the

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year?

A No, sir, it is an enormous task. But, Mr. Chairman, we are working on them all year long, we can't wait until the end of the year.

CHAIRMAN McWHORTER: But you don't get them out until - you don't make separations as per month?

A No, sir.

MR. CONGER: Mr. Chairman, I would like to inquire of Mr. Anderson, if he doesn't run that on a monthly basis and bring it up each month?

A No, sir, we do not.

Q Well, now, haven't you issued certain brochures to investment houses, etc., showing your net earnings for '49 for 11 months, the expected dividend for '49 of $4.00 net earnings for '49, etc.?

A Our net earnings in freight and passenger service are two vastly different things.

CHAIRMAN McWHORTER: He has reference only to the separation of the revenue. He gets the figures rather readily for the approximate gross -

A Net earnings - not earnings but net income, is just a total. This is a separation of individual items.

CHAIRMAN McWHORTER: I think this exhibit gives -

A I can assure you of one thing with respect to the passenger service: It won't be any better in 1949 than it shows on there for 1948, and in 1948 you will note we lost $9,600,000. The fact of the matter is, for the three years shown on Exhibit 4, 1946, 1947, and 1948, the three figures under passenger service, net railway operating income, will total up to a deficit of $19,276,000. All passenger service from the year 1936, even, including the war years through 1948 ended up with a deficit

approximating 20 millions of dollars. And that is including the war years.

MR. COMER:

Q Well, is ACL making an effort to abandon all passenger service?

A We are not making an effort to abandon all passenger service but it is necessary that some service be curtailed and some of the service even discontinued. If the people do not patronize the trains why there is absolutely no use running them.

MR. PEDRICK:

Q Let's continue, Mr. Anderson, with respect to this Exhibit No. 4.

A The deficits in the passenger service, as shown on Exhibit No. 4, are $8,692,000. in 1946, $9,662,000. in 1948 - I should have said 1947 -

Q Yes, sir.

A This is due, of course, to a decline in the number of the passengers handled; for instance, in 1947 there were 1,748,000 less passengers handled than in 1946 and in 1948 there was a further decrease of 701,000 when compared with '47, and in the first 11 months of 1949 when compared with the 11 months of '48 there was a further decrease of 886,000 passengers. Of course the decreases in passengers is also reflected in the revenues and is responsible for the increased deficit. The decrease in passengers handled is not peculiar to any particular state, it is in all of the states. The same thing happened in the State of Georgia; for instance, in 1947 there was a decrease of 829,000 passengers handled in the State of Georgia when compared with 1946. And in '48 there was a further decline of 379,000 passengers, and of course the revenues correspondingly went down. That is both inter and intrastate passengers, incidentally.

Q Now, with respect to those decreases you said that in 1947 they

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'increased 807,000 compared to '46, now the '48 that 300,000 was that much less than '47 or more than a million more than in '46, is that the way I understood your evidence?

A That's true, sir. Now it's important to note that on Exhibit No. 4 it gives no recognition to deductions for fixed charges which, of course, should be deducted but you can't deduct an item from a deficit, you can't pay bills out of deficits, so it would just be a useless operation.

CHAIRMAN McWHORTER: Mr. Pedrick, I want you to get everything in the record thatyou think would be helpful to the case, but on these general figures. don't you think you could move along - systemwide figures, move along -

MR. PEDRICK: Well, this is our last exhibit of systemwide figures, Mr. Chairman, then we are going to get right on to this particular operation. I did want him to clearly show what this exhibit is intended for.

CHAIRMAN McWHORTER: All right.

A In the year 1947 the passenger deficit consumed 81¢ of every freight dollar earned. In the year 1948 the passenger deficit consumed 65¢ of each freight dollar earned. That meant that out of the freight dollars earned we had 35¢ left after absorbing the passenger deficit. It was out of this 35¢ that we must pay all of the operating expenses, maintain all of our equipment, pay the interest on our funded debt and provide for improvements to property and what have you, out of the 35¢ on the dollar.

I think that is all.

MR. PEDRICK: All right.

Q Mr. Anderson, coming down to the -

JUDGE DOUGLAS: If the Commission please, I don't know whether - I would like to ask Mr. Anderson some questions that pertain to the overall income of the Coast Line. I don't know whether the Commission would like to hear from them at this time, these questions, I wish to question him in regard to some reports here as to the overall income.

CHAIRMAN McMORTER: Judge, don't you think it would be better to wait until he concludes his testimony and then cross examine him? I think you would save time by doing that.

JUDGE DOUGLAS: All right.

MR. PEDRICK:

Q Mr. Anderson, have you prepared an exhibit showing the total revenues derived from the operation of 57 and 58 between Savannah and Montgomery, Alabama for the year 1948?

A I have, sir.

MR. PEDRICK: I'll ask that to be identified, Mr. Chairman, as Exhibit No. 5, with the statement that I made in the beginning that we have to develop these by years but we will bring the figures on in to 1949 as far as we possibly can by exhibits here.

CHAIRMAN McMORTER: It will be so identified.

(The document above referred to was marked for id entification as ACL Exhibit No. 5.)

MR. PEDRICK:

Q This Exhibit No. 5, Mr. Anderson, are they just the actual figures of the revenues from the various services rendered by those trains through the year 1948?

A Yes, sir.

Q And the last column, I believe, is the revenue per train mile

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figured in cents?

A That's right, sir.

Q Are there any other comments that you think would be applicable to that schedule?

A I'll just point out very briefly that for Train 57, which is the upper part of the statement, in the 12 months of 1948 its passenger revenue per train mile was 69.6¢ Its mail revenue will figure 33.9¢, and its express revenue was 37.3¢, the sum of the three being 140.82 or 142.8¢ shown over at the right part of the statement. For Train 58 its passenger revenue was 66.4¢ per train mile and the mail was 33.9¢, express was 34.1¢, the sum of which is 134.38¢, shown at the right. The average for both trains per train mile was 68¢ passenger revenue, 33.9¢ mail revenue, 35.7¢ express, or 137.6¢ or $1.376. Otherwise, I think the statement is quite self-explanatory.

MR. PEDRICK: In the interest of time, Mr. Chairman, I can bring the evidence by other witnesses here. It will be noted that March and April of 1948, March 26 days, and April 24 days, there was an interruption of service, due to some flood conditions, if anyone wants the exact information on that, but I thought someone might question that and if they do we'll put in the evidence, otherwise we will let it go with that statement in the interest of time, but that's the reason that there was not a daily operation, the latter part of March, the last two or three days and there was a little time in April there was some interruption.

CHAIRMAN McWHORTER: I think the protestants recognize that.

MR. PEDRICK:

Q Getting along, Mr. Anderson, have you prepared an exhibit showing the results of the operations of Trains 57 and 58 between Savannah and

Montgomery for the year 1948 showing the revenues and the direct and indirect expenses?

A I have, sir.

CHAIRMAN McWHORTER: Mr. Pedrick, did I understand at the beginning that this witness would give testimony for '49?

A Yes, sir, that's right. We've got to have some comparison. That's the reason we are putting in the '48 figures and the '49 as far as we can.

CHAIRMAN McWHORTER: Now is this last exhibit, that's '48?

MR. PEDRICK: Both - all of these are '48 and we will follow them along with a similar exhibit so that there can be some comparisons for the figures we have available for '49.

I will ask that that be id entified as Exhibit No. 6.

CHAIRMAN McWHORTER: All right, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 6.)

MR. PEDRICK: Go ahead, Mr. Anderson.

A Exhibit No. 6 sets forth the complete operations, the result of operations of Trains 57 and 58 for the calendar year 1948. The results of course are reflected in the loss shown at the lower portion of the sheet. The loss for the 1948 was $534,922. Now it is interesting to note that the gross revenues on this train aggregated $399,000., being the figure shown on Exhibit No. 5, of 57 and 58. The items of crew wages of $153,364. plus the item of fuel, $192,421. plus repairs to locomotives of $101,465, totals $447,250. or $1.54 per train mile. By deducting those three items from the gross revenues you have at that point, without considering any other expense, incurred a deficit of $47,846. or 16-1/2¢ per train mile. The items of water, lubricants, other supplies, engine house expense,

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train supplies and expenses, will total up to $60,082. or 20.7¢ per train mile. That added on to the deficit that I have just referred to produces a loss at that point of $107,928, or 37.2¢ per train mile. Then we have the items of station expenses at Savannah of $9,723, station expense at Montgomery, $11,005., they add up to $20,729. That added to the loss last referred to gives you a loss at thatpoint of $128,657. or 44.3¢. I can state at this point that with respect to the station expenses, Savannah of course is a union station, operated independent and we pay our proportion through vouchers. The station at Montgomery is operated by the L&N and we pay the L&N our proportion through vouchers, so these figures are actual cash figures. We next have the item of passenger train cars, express cars, of $134,615. That added to the last mentioned deficit will produce $263,273. loss or 90.7¢ per train mile. The items of indirect expenses totaling $252,852. or 87.1¢ per train mile added to the loss last referred to makes a deficit at that point of $516,145. That deficit, plus the item of fixed charges, $18,796., will produce a total deficit or net deficit for the operation of $534,922. or a loss of $1.843 per train mile. It is interesting to note that Trains 57 and 58 had an operating ratio of 231%. In other words, for every dollar it took in in operating expenses, it cost $2.31, the basis of the ratio. Despite the enormous loss in passenger revenue, systemwide, for the year 1948, that operating ratio was 126.9. So this train here is operating at almost twice the amount of loss that was incurred in 1940 for the whole entire system.

CHAIRMAN McWHORTER: Mr. Anderson, it might be good to explain some of those direct expense charges; for instance, the last one, passenger and express cars. These people are not railroad people and

might be interested in knowing what that means.

A As a cost of operating any train it is necessary to include in some form or other the cost of the maintenance of passenger equipment, you might say, all of the cost of ownership. There are no figures in this exhibit that says anything about depreciation of passenger train cars, there's nothing in here that makes any reference to maintenance of passenger train cars. It is all included in this item of use of passenger and express cars. Now that figure is computed on this base: The settlements for the use of passenger train cars between railroads is made on a so-much-per-mile base, so many cents per mile, and incidentally that rate varies according to the types of equipment, you have a two cent a mile unit, a three cent a mile and maybe a five. And that so many cents per mile is to represent the cost of ownership, including the maintenance, depreciation and what have you. And that item there is for the use by the Coast Line of passenger cars and express cars in that particular train. That figure was computed not to include any element of profit at all. It is supposed to be cost.

MR. CONGER: Mr. Anderson, if I may?

A Yes, sir.

MR. CONGER: Does that include these particular trains or is that your per mile ratio for all trains?

A It is, sir, only for the particular cars that operated in these particular trains.

MR. CONGER: All right. Later on I will ask about that.

CHAIRMAN McWHORTER: Just ask him to make that explanation as you cross examine him. I don't say that his explanation is entirely satisfactory to everybody, so you will have an opportunity to cross examine him later, but I thought he ought to b ring it out right along at this time.

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It might be well to explain just how you arrived at your maintenance cost on locomotives also.

A Maintenance of locomotives, the item of $101,465, is computed on this base: For each year a separation is made between the number of miles run by each locomotive between freight service and passenger service, be it steam or be it Diesel. The item of maintenance of locomotives in this particular statement is based on the actual types of locomotives operated, be they steam or be they Diesel. In the case of steam engines, it is based on a system operating expense for repairs to locomotives, passenger, steam passenger, divided by the number of steam passenger locomotive miles run, which gives you an average maintenance per steam locomotive passenger mile, and then that average is then multiplied by the number of miles that the engine operates, and it produces these figures.

CHAIRMAN McWHORTER: In this particular case, did you operate steam locomotives during '48 or was it partly steam and partly Diesel?

A We had both, sir. The latter part we had some Diesels.

CHAIRMAN McWHORTER: And you arrived at your -

A The Diesel is on a different formula, sir.

CHAIRMAN McWHORTER: On a different formula?

A Yes, sir.

CHAIRMAN McWHORTER: Do you care to explain the difference?

A I will be glad to, sir.

The Diesel, repairs to Diesel locomotives are maintained separately between the freight and passenger, and in this case it was passenger, and the total cost of repairs to Diesel locomotives is divided between the locomotives on the basis of the horse-power of each locomotive, 1000 horse-power. That is due to some of the locomotives varying in size and it

wouldn't be equitable to divide them by just numbers of engines. So they are divided according to the size.

CHAIRMAN McWHORTER: I believe you calculated systemwide?

A That's right, sir.

CHAIRMAN McWHORTER: On a mileage basis?

A Yes, sir. You get a rate per thousand horsepower miles and multiply it by the number of miles it had run.

CHAIRMAN McWHORTER: Now, your fuel, is that the actual cost - is that the actual fuel used on these particular trains?

A That fuel represents the actual coal issued to the Trains 57 and 58.

CHAIRMAN McWHORTER: That's an actual figure?

A Coal issued to locomotives is requisitioned and there are coal tickets made at each time that there is coal put in the tender and this coal in here, the tons in here, represents the number of tons issued to the various engines in this run.

CHAIRMAN McWHORTER: This looks like a tremendous amount of coal but I guess -

A They consume lots of coal.

CHAIRMAN McWHORTER: That subject to -

MR. CONNER: If the Chairman please, I want Mr. Anderson to give -

Q You say this is the actual fuel on 57 and 58?

A That's right, sir.

CHAIRMAN McWHORTER: Your Diesel oil is handled the same way, Diesel fuel?

A No, the Diesel oil is figured again on the mileage basis of a 1000 horsepower mile. That is about the most accurate way you can figure that, but it gets down to a very fine decimal.

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CHAIRMAN McWHORTER: Well, now come on down. I'm just trying to get all the stuff in the record. Come on down to your maintenance of way and structures, how do you arrive at just what part of that maintenance should be charged to Trains 57 and 58?

A The maintenance of way structures, the indirect item, is figured on this basis: The maintenance of way and structures for this 1948 passenger was $6,717,000. We operated 94,758 passenger-car miles in the year 1948 and we divide that and get an average cost per passenger-car mile of - in round figures about 7¢ per mile, and that multiplied by the number of car miles gives the proportion assignable to these particular trains, and by car miles I mean miles that the cars in these particular trains operate.

MR. FLINT:

Q And in turn the way you arrived at the amount of maintenance of way and structures that was assignable to passenger service was on the basis of the number of passenger car miles, the ratio that the passenger car miles that you operated bore to the freight car miles that you operated, was that it, or the freight ton miles, or how did you separate them?

A You mean between - separation between freight and passenger?

Q Yes.

A Mr. Flint, the separation between freight and passenger is made on the basis of a formula prescribed by the Interstate Commerce Commission and we have to follow their formula and each account is on a separate base. It is quite an intricate problem.

Q I realize that, I thought you might be able to give us just how you separated it.

A I have it here, but it would take an hour and a half to tell you

how all these accounts go because there are separate bases for each account.

CHAIRMAN McWHORTER: Well, let's see now, it is separated somewhat in proportion to the use -

A That's right, as near as experience studies that the Interstate Commerce Commission could devise, yes, sir.

CHAIRMAN McWHORTER: All right, sir. Are there any other clarifying questions?

MR. CONGER:

Q Now you had the same rate over this short haul that you would have over your longer hauls, say, from Savannah to New York, or Savannah to Richmond?

A You mean the rate per passenger car mile, sir?

Q The maintenance, yes, sir?

A Oh, yes.

Q It had nothing to do with the actual terrain, whether it's flat, you don't have to bridge, or anything, it is all divided up and based on an average per car mile ratio?

A Well, it so happens that most of our line is flat; in fact, I'll say it is flat. And the bridges are distributed about at equal proportions over the system and there is nothing vastly different from one section or the other.

Q Are you familiar with the additional money that the flood of April 1, '48 caused you on this particular track?

A I know that it had considerable damage, yes, sir.

Q Several million dollars?

A No, I just wouldn't say that, but I just don't know the figures.

Q Will you have someone available later on who would know it?

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A No, sir.

Q Could you get them?

A No, sir.

CHAIRMAN McWHORTER: Would that be, would any disaster of that kind be included in your repairs?

A Oh, yes, sir, it should be in repairs.

CHAIRMAN McWHORTER: Are there any further clarifying questions?

MR. PEDRICK:

Q But that extra damage from the flood on this particular line would also be reflected in the entire system operation?

A Yes, sir.

Q Rather than -

A The fact of the matter is that if you were to allocate it directly, then this line would be charged with that flood damage. On the basis of the computations here used, why, its just a minute part of that flat damage in these figures, its all assignable to the system on that base and therefore the maintenance costs in here would be understated rather than overstated.

CHAIRMAN McWHORTER: All right.

MR. PEDRICK: If there are no further comments on Exhibit No. 6, I will ask Mr. Anderson - we probably can hurry through the next two or three exhibits because we have prepared exhibits, Mr. Chairman, breaking down the revenue and the cost; first between Savannah and Thomasville, because those are operating points from pools, then there is a distance in Georgia from Thomasville to a little beyond Jakin that is still in Georgia and we eventually, what we are trying to reach a point, is in order to show the actual Georgia operation because this i a train that operates from Savannah to Montgomery, Alabama, and as far as possible we wanted this Commission

to have the Georgia picture unmixed any more than is possible with the Alabama operation. I know that you would like to know what we lost or made in Georgia.

CHAIRMAN McWHORTER: Yes, sir.

MR. PEDRICK:

Q Mr. Anderson, you have prepared an exhibit showing the revenues derived from these two trains, 57 and 58 between Savannah and Thomasville?

A Yes, sir, I have.

Q That is similar to the system exhibit which we heretofore prepared, I mean in the same form?

A That is true, sir.

Q I will ask that that be identified, Mr. Chairman, as Applicant's Exhibit No. 7.

CHAIRMAN McWHORTER: All right, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 7.)

MR. PEDRICK:

Q I don't know, Mr. Anderson, whether there are any particular comments to be made on that. If not, we could hurry along. It is similar to the system exhibit we have heretofore turned in.

A I think it is self-explanatory. It stands on its own feet.

Q Now, Mr. Anderson, you have likewise prepared an exhibit, have you not, showing the result of the operation of these two trains between Savannah and Thomasville with respect to revenue, expenses, etc., which is similar in form to our previous Exhibit No. 6, relating to the entire system?

A I have, sir.

MR. PEDRICK: I will ask, Mr. Chairman, that that be identified as

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Applicant's Exhibit No. 8.

CHAIRMAN McWHORTER: All right, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 8.)

MR. FEDRICK:

Q I think we have explained that type of exhibit as of the System but you may have some comment you would like to make on that, Mr. Anderson?

A I would. The exhibit, of course, is identical to the one I previously put in for the complete run, but here I would like to point out that in the operation from Savannah to Thomasville it shows a loss in the calendar year 1948, of $273,487. Again in this operation, as you could in the systemwide, you can take the three items of crew wages, fuel and repairs to locomotives, deduct that from your revenues and you have lost $40,000. without giving consideration to any other item of expense. Those three items alone less the revenues will give you a loss of 28¢ per train mile.

Q Without charging in any indirect expense?

A Without even taking in all the direct expenses. Just the three items of the direct. And when you get down through your direct expenses you have lost $142,000. without even considering an indirect item.

Q All right, sir.

Now, have you likewise prepared an exhibit showing the revenues of these two trains between Thomasville, Georgia and Montgomery, Alabama, and - do you have that there?

A Yes, sir.

MR. FEDRICK: We will show that if the Commission please, we are not going into the Alabama side except that someone might want to make a comparison, just putting that - that's similar to the one between Savannah

and Thomasville.

So I will ask that that be identified as Exhibit No. 9.

CHAIRMAN McWHORTER: All right, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 9.)

A Exhibit No. 9 is identical to the two exhibits showing revenues on the other operations. It is self-explanatory.

Q All right, sir. And you have likewise prepared an exhibit showing the results; revenues; expenses, direct and indirect, as to the operation of these two trains between Montgomery and Thomasville for 1948, similar to the exhibits of the system?

A I have, sir.

MR. PEDRICK: I will ask that that, Mr. Chairman, be identified as Applicant's Exhibit No. 10.

CHAIRMAN McWHORTER: All right, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 10)

MR. PEDRICK:

Q That, I assume, Mr. Anderson, is self-explanatory?

A That exhibit is not only prepared in an identical manner but it produces the same results.

Q The same results?

A You get the deficits at the same points and as will be noted from the exhibit, you finally end up with a deficit of $261,000.

Q All right.

A On this particular operation you have a deficit of $122,000. even before considering any indirect expenses.

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Q All right, sir.

Now, in order to get the complete picture for the State of Georgia for 1948, you have prepared an exhibit showing the result of operation between Thomasville and Montgomery, Alabama, divided as between the State of Georgia and the State of Alabama? Have you prepared that, Mr. Anderson?

A I have, sir.

MR. PEDRICK: I will ask that that, Mr. Chairman, be identified as Applicant's Exhibit No. 11.

CHAIRMAN McWHORTER: All right, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 11.)

MR. PEDRICK:

Q You might, Mr. Anderson, explain how you have allocated the Georgia and Alabama revenues, etc., there.

A I will, sir.

This exhibit was prepared to set forth the proportion of the operations of the trains between Thomasville and Montgomery that apply to the State of Georgia and to the State of Alabama.

Q Now, I will ask you, Mr. Anderson, this train operates between terminals points, Savannah to Thomasville, and then you don't have another terminal in Georgia? That's the reason you have to figure from Thomasville to Montgomery and take the proportion, is that the reason that this exhibit has to be prepared in that way?

A That is right, sir. We, on the basis of preparing a complete run from Savannah to Thomasville, that is compared as an individual train, and then pick this one up from Thomasville to Montgomery and then allocate this

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You get the more correct result.

This separation of revenues and expenses between Georgia and Alabama was made, as the exhibit reflects, on a mileage base. Between Thomasville and Montgomery this train operates a total of 210 miles, 68 of which are in the State of Georgia and 142 in the State of Alabama. On a mileage base that places 32.4% of the operation in Georgia and 67.6% of the operation in Alabama. You will note by the hearing under the State of Georgia there the figures 32.4 shown in parenthises, and under Alabama, 67.6. That is put there so that you might know that those percentages were used in allocating each of the items shown on that exhibit. The net results, $261,434. is the same as shown on Exhibit No. 10. Otherwise this statement is identical just a pro rate between states.

Q All right, sir.

MR. COMER: Mr. Chairman, I think I am going to have to ask for 6 months instead of 90 days.

WITNESS ANDERSON: These aren't so hard, sir.

Q Mr. Anderson, have you prepared an exhibit giving a statement of the revenues of Trains 57 and 58 between Savannah and Montgomery for the first 6 months of 1949?

A I have, sir.

Q Why is this exhibit confined to - terminates June '49? Have you got the other figures in accurate form?

A No, sir.

Q Explain your situation with respect to the 1949 figures.

A To compile a cost statement of this kind, necessarily there must be all kinds of statistics and results prepared in advance. By that I mean from the standpoint of the entire railroad. It is an enormous job.

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Q Well, now, as to No. 12, of course that is just the revenues?

A Yes, sir. Necessarily these figures in a train case of this kind can be prepared only for a period, I would say, of some maybe 4 months or sometimes 5 months before the date of the hearing, because you don't have complete information until that time. Its just like the system figures that takes us 3-1/2 months to even close up a year, so, when this case was first set we had it for the calendar year and then after the postponements we brought it up to June, 1949 and it was current within, say, a month ago, as near as we could get it, and of course being postponed again why we didn't have time to extend it any further than this point.

MR. CONGER: Well, now, Mr. Anderson, that last postponement was at the request of the railroad, wasn't it?

A Sir?

MR. CONGER: The last Postponement was at the request of the railroad, wasn't it?

A Not that I know of, sir.

MR. CONGER: Well, it was, sir.

A Was it?

CHAIRMAN McWHORTER: I don't know. We postponed it so many times I don't know who it was.

MR. PEDRICK

Q Go ahead with No. 12.

A This Exhibit No. 12 relates to revenues between Savannah and Montgomery. It, like Exhibit No. 5 for the full calendar year 1948, shows the revenue per train mile. It is interesting to note that in the year 1948, Train 57 averaged $1.41 per train mile. In the first 6 months of 1949 Train 57 earned $1.17-1/2. That is a decrease of 22-1/2¢ per train mile

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in the gross revenues of Train 57. Train 58 produced the same results in that year 1948 it earned $1.34 plus per train mile.

Q When you say earned, you mean it had that revenue?

A I should have said gross revenues of $1.34 per train mile, whereas in the first 6 months of 1949 it grossed $1.13 plus per train mile. That is a decrease on Train 58 of 21¢ per train mile. There is a decrease in the operation of both trains for the first 6 months of '49 compared with the calendar year 1948 of 22¢ per train mile in the revenues. It shows that the revenues in the operations are on a decline.

Q Have you prepared a statement showing the result of the operation of these trains between Savannah and Montgomery relating to revenues and direct, indirect expenses and fixed charges from January through June, 1949, similar to the system figures which we gave as to the year 1948?

A I have, sir.

Q I will ask that that be identified as Applicant's Exhibit No. 13, Mr. Chairman.

CHAIRMAN McWHORTER: Yes, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 13.)

MR. PEDRICK:

Q I believe, Mr. Anderson, that would be similar to the 1948 figure shown on our Exhibit No. 6?

A That's right, sir.

That exhibit, setting forth results of operation from Savannah to Montgomery for the first six months of '49, reflects a loss of $290,961, an average per train mile loss of $1.96. By referring to Exhibit No. 6,

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which covers the calendar year operations for 1948, you will note that the loss per train mile was $1.84. The result is that the loss per train mile for the entire operation increased 12¢ per train mile over the loss incurred in the year 1948. Now the operations for the first six months of 1949 produces a result similar to that for the system in that the three items, wages, fuel and repairs to locomotives again places you in a deficit without considering any other direct expense. In fact, at that point you had - we had already lost 29¢ per train mile. Through direct expenses we had lost $145,783.98 per train mile, that is taking the expenses, direct expenses, and deducting gross revenues from them. After the indirect, the loss per train mile was $1.96.

Q All right, sir.

Now, for the first six months of 1949 you have prepared an exhibit showing the revenues for these two trains between Savannah and Thomasville similar to the system figures - I mean the same figures for 1948 as reflected on our Exhibit No. 7. You prepared this latter exhibit?

A I prepared all these exhibits.

Q All these exhibits.

MR. PEDRICK: I will ask, Mr. Chairman, that this be identified as Exhibit No. 14, the first six months figures for '49 between Savannah and Thomasville - that's revenue only.

CHAIRMAN McWHORTER: Yes, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 14.)

MR. PEDRICK:

Q I don't know - if a comparison can be made between that exhibit and our previous Exhibit No. 7 giving the 1948 figures.

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A In this operation from Savannah to Thomasville the revenues per train mile on 57 in the first six months of '49 was $1.18. For the calendar year of 1948, for the same operation the gross revenues was $1.44, a decrease of 26¢ per train mile. Train 58 had a like result in that the revenues per train mile decreased 25¢ per train mile in 1949 when compared with 1948. The net result was that for both trains in 1949 there was a decrease of 26¢ per train mile comparing the first six months of '49 with the year 1948. The rest of the exhibit I think is self-explanatory.

Q Now with respect to the results of operation of these two trains between Savannah and Thomasville for the first six months of 1949, showing not only the revenues but the expenses, we have in another exhibit. I'll ask that this be identified as Exhibit No. 15 for the applicant.

CHAIRMAN McWHORTER: It will be so identified.

(The document above referred to was marked for identification as ACL Exhibit No. 15.)

MR. PEDRICK:

Q This would be comparable to the Exhibit No. 8, giving the same figures for 1948?

A That is true, sir. This Exhibit No. 15, covering the results of operation between Savannah and Thomasville for the first six months of 1949, shows a loss per train mile of $2.12. That compares with a loss for the same operation for the calendar year 1948, as shown on Exhibit No. 8, of $1.93. That is an increased loss per train mile, 1949 over the 1948 period, of 20¢ per train mile. This exhibit can be handled in the same manner as the prior ones in that the items of direct expense for the first three again place you in a deficit without considering all the other expenses. The loss, after the direct expense, was $83,650., or $1 and close to 16¢

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per train mile. For the whole operation as shown on the exhibit we lost $153,700., or $2.12 per train mile.

Q You have also prepared an exhibit, Mr. Anderson, showing the revenues for these two trains between Thomasville and Montgomery for the first six months of 1949?

A Yes, sir.

MR. FEDRICK: I ask that that be id entified as Applicant's Exhibit No. 16.

CHAIRMAN McWHORTER: It will be so identified.

(The document above referred to was marked for identification as ACL Exhibit No. 16.)

MR. FEDRICK:

Q I believe, Mr. Anderson, that would be similar to Exhibit No. 9, reflecting figures for 1948, this latter being for the six months of '49?

A That is true, sir. Exhibit No. 16 reflects a gross revenue of $1.167 per train mile, Train 57 for the first six months of '49. That compares with $1.37 per train mile for the full calendar year 1948, which is a decrease of 21¢ per train mile comparing '49 with 1948. Train 58 in the six months period grossed $1.09 per train mile, whereas in the calendar year 1948 it grossed $1.26. The result was between the two periods that Train 58 took in 17¢ less per train mile than it did in 1948. Both trains 57 and 58 in the 1949 period grossed $1.13 per train mile, whereas, in the year 1948 it grossed $1.32, that is a decrease per train mile of 19¢.

Q Mr. Anderson, you have prepared an exhibit showing the result of operations between Thomasville and Montgomery for the first six months of 1949, revenues, expenses, direct, indirect, etc?

A Yes, sir.

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MR. PEDRICK: I will ask, Mr. Chairman, that that be identified as Applicant's Exhibit No. 17.

CHAIRMAN McWHORTER: All right, sir.

(The document above referred to was marked for identification as ACL Exhibit No. 17.)

MR. PEDRICK:

Q That is comparable with the Exhibit No. 19, showing the same figures for the calendar year 1948, for comparative purposes?

A Yes, sir, it is in the same form and fashion but it will be noted that the average per train mile loss in the 1949 period was $1.80-1/2 and for the full calendar year 1948 the loss per train mile was $1.76 plus cents. In other words, the loss in the six months period 1949 was approximately 4¢ per train mile greater than it was in the period for the calendar year 1948.

Q Showed no improvement?

A No, sir, it showed a greater loss. This operation in the year 1949, like all the other operations to which I have referred, resulted in a loss of $62,133. after direct expenses and giving no consideration to any indirect expense. The full loss, including the indirects, was $137,200. or $1.80-1/2 per train mile.

Q Now your next exhibit, Mr. Anderson, shows the result of the operation between Thomasville and Montgomery, Alabama, for these two trains for the first six months of 1949, showing revenues, expenses, direct and indirect, and then you have divided those between the State of Georgia and the State of Alabama in order to reflect the Georgia operation?

A I have, sir.

CHAIRMAN McWHORTER: That will be Exhibit No. 18.

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(The document above referred to was marked for identification as ACL Exhibit No. 18.)

MR. PEDRICK:

Q Would that be similar to the 1948 figures as shown on Exhibit No. 11?

A It would, sir.

Q All right.

A Exhibit No. 11 was prepared in the same manner as - Exhibit No. 18 rather was prepared in the same manner as Exhibit No. 11 -

CHAIRMAN McWHORTER: Which you thoroughly explained.

A I was just going to add that the same percentage, the same mileage basis was used. It is self-explanatory.

CHAIRMAN McWHORTER: That's right.

MR. PEDRICK:

Q Mr. Anderson, have you prepared an exhibit which is a recapitulation of the losses as shown by the previous exhibits from the operation of Trains 57 and 58 for the calendar year 1948 and the first six months of 1949?

A I have, sir.

MR. PEDRICK: I will ask, Mr. Chairman, that that be identified as Exhibit No. 19 for the applicant?

CHAIRMAN McWHORTER: It will be so identified.

(The document above referred to was marked for identification as ACL Exhibit No. 19.)

A This Exhibit No. 19 is merely an addition of the losses shown on the two exhibits relating to operations within the State of Georgia. The item of $273,487. is shown on Exhibit No. 8. The next item of $84,704. is shown on Exhibit No. 11. For the first six months of '49 the item of $153,735. is shown on Exhibit No. 15. The item of $44,461. is shown on

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Exhibit No. 18. This exhibit shows that in the year 1948, 57 and 58 operations within the State of Georgia resulted in the loss of $358,192. For the first six months of 1949 the loss was $198,196., and for the 18 months period January 1948 through June 1949 the loss was $556,389.

MR. PEDRICK: Mr. Chairman, I wanted the Commission, with respect to this Exhibit No. 19, to insert in the official exhibit, the figures, for instance, referring to the - first we left them blank because we didn't know what the exhibit number might be; for instance, on the Savannah to Thomasville, that Exhibit No. 8, Thomasville to the Georgia State Line Exhibit No. 11,

CHAIRMAN McWHORTER: Yes, sir,

MR. PEDRICK: And the next one Savannah to Thomasville would be Exhibit No. 15. Thomasville to the Georgia State Line would be Exhibit No. 18. It helps to keep the exhibit numbers in mind.

CHAIRMAN McWHORTER: Anything further, Mr. Pedrick?

MR. PEDRICK:

Q Mr. Anderson, all of the information and figures you have given have been from your detailed study of the official figures in all operations of these trains, have they not?

A Yes, sir.

MR. PEDRICK: Mr. Chairman, we will stop with this witness.

CHAIRMAN McWHORTER: Gentlemen, if -

WITNESS ANDERSON: We have at this point, I think, to go into the proposed operations?

MR. PEDRICK: Yes, I didn't know what time the Chairman was going to adjourn for lunch and -

CHAIRMAN McWHORTER: Well, if you have concluded with this witness -

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MR. PEDRICK: Well, I think maybe if you would allow us just a little more time we could conclude the direct of this witness.

CHAIRMAN McWHORTER: Well, that's what I had hoped you could do.

MR. COMER: Mr. Chairman, if I may interrupt just a minute - through an oversight or inadvertance I failed to mention that Emmett R. Culbreath, Clerk of our Superior Court in Bainbridge is here also, as a protestant.

CHAIRMAN McWHORTER: All right, sir.

If you can finish your direct with this witness within 15 or 20 minutes, we will recess for lunch.

MR. PEDRICK:

Q Mr. Anderson, you have made some detailed studies with respect to the picture that would develop if the application is granted and this operation is curtailed to three time weekly?

A As has been previously stated, Exhibits Nos. 8, 11, 15 and 18, set forth the operations within the State of Georgia, and for 1948 it produced - Exhibits No. 8 and 11 produced a loss of $358,000. If the operations of Trains 57 and 58 were placed on a tri-weekly base, of course, there would still be some expenses to be inorred, so the complete loss of $358,000. would not be saved. So we have made a study in order to estimate what the results of operations on these trains would be in a tri-weekly basis. For the year 1948 we took 60% of the passenger revenues earned within the State of Georgia which on Exhibit Nos. 8 and 11 will add up to $142,000. and we took 60% of that figure which produced $85,000.

MR. COMER: Is that an arbitrary figure you just selected, [illegible]

A It isn't an arbitrary figure, it is one that we got through study, but it's an estimate.

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MR. CONGER: It is an estimate?

A True, sir. It must necessarily be an estimate because we have no operation.

MR. CONGER: Well, why isn't it an arbitrary figure, then?

A What?

MR. CONGER: Why isn't it an arbitrary figure, then?

A Well, I would say -

CHAIRMAN McWHORTER: Well, both those words mean the same thing, don't they? In this case they would. Go ahead.

A In the case of the mail revenues we used 3/7 of the total, or 42.8%, that was $25,805, and on the express revenues we use 75% of the express revenues of $48,000. That produced estimated gross revenues of $159,000. Of the direct expenses shown on the two exhibits referred to we took 42.8%, that is $191,968. 42.8% of the indirect expenses was $70,379., 42% of the fixed charges or $5,359. That would produce an expense of $267,706. From that we deduct the revenues, estimated revenues, of $159,713., and that produces a loss of $107,992. This loss compares with the loss incurred in 1948 of $358,000. It indicates that if the train were placed on a tri-weekly basis there would be a saving on that calendar year base of $250,200. from the operations within the State of Georgia. For the six months of 1949, we used identically the same base, making the results shown within the State of Georgia on Exhibits Nos. 15 and 18. Now, I can give you those figures as I did in the other one, or just give you the answer.

MR. PEDRICK:

Q Give us the total.

A The revenues, estimated, $66,705.; Direct Expenses, 42.8%, $92,862.; Indirect Expenses, same percentage, $36,986.: Fixed Charges, same percent,

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$6,420., making a total expense of $133,271. From that total expense we deduct the $66,705, estimated revenues and produce a loss of $66,566. This latter loss compares with the loss incurred in the first six months of 1949 of $198,196, or a saving of $131,630. Over the 18 months period on that base, the saving would have been $381,830.

CHAIRMAN McWHORTER: That concludes your direct.

Well, we will recess until a quarter of two, or 1:45.

(Recess had)

CHAIRMAN McWHORTER: All right, gentlemen.

Mr. Conger, are you ready to cross examine Mr. Anderson?

MR. CONGER: Yes, sir, we have some questions to ask Mr. Anderson, however we would renew our objections to information based on 1948 figures, or any information based on figures prior to their Dieselization. He has stated that all trains are now Dieselized. From facts and figures we expect to show you later that their revenue has increased at least 50%, their expenses have gone down 30 to 40%.

CHAIRMAN McWHORTER: You say their revenue has increased?

MR. CONGER: Yes, sir, and we will bring that out at the proper time, but we do still violently object to these 1948 figures.

CHAIRMAN McWHORTER: Yes, sir. You are ready to proceed with your cross examination?

MR. CONGER: Yes, sir.

CROSS EXAMINATION

JUDGE DOUGLAS:

Q Mr. Anderson, I have in front of me, sir, a sheet gotten out by the Fitch Publishing Company, Investors Service, which shows the annual income account and balance sheet of the Atlantic Coast Line Railroad Company and

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this is dated Tuesday, January 24, 1950. Now there is shown on this sheet, under the heading, "Comparative Income Account Years Ended December 31, 1948 and Years Ended 1947" the following: There is shown as a balance for dividends for 1948, $7,684,913. I would like to ask you, sir, if that figure is correct or substantially correct? There is also shown on this for 1947, balance for dividends, $6,003,952. Is that correct, sir?

A Yes, sir.

Q Now on this same sheet the common stock is shown as having earned for the 11 months of 1949, $7.89 and dividends of $4. a share were declared and paid on the common stock for 1949. Is that correct, sir?

A Yes, sir.

Q And for 1948 the earnings were $9.32 a share on the common stock, and dividends of $4.00 a share. Is that correct, sir?

A That is true.

Q Now I have in front of me Moody's Railroads published by Moody's Investors Service, and this is dated Wednesday, January 18, 1950. This shows that the earnings for the 12 months prior to November 30, 1949, the net income was $7,274,751. Is that correct, sir?

A Was that the year 1949, sir?

Q That's for the 12 months to November 30, 1949.

A I'd say that's correct, sir.

Q You also paid, in addition to the $4.00 on the common, $5.00 a share on the preferred stock, did you not?

A On the 1500 shares that we have.

Q And $4.00 a share on the common?

A Yes, sir.

Q The working capital of the Coast Line is $20,[illegible]... is it not?

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A I don't know. I don't have any figure like that.

Q Well, what is your - represented by 823,427 shares of no par value shares?

A That's right.

Q Well, do you know what that value of working capital is? It is shown on this sheet of the Fitch Publishing Company under the title "Working Capital", $20,869,601. Are you prepared to say whether that's correct or substantially correct?

A I don't know, sir, how that figure was computed. I've never seen the figure.

Q In both of these investors services, these figures are computed from information furnished by the Atlantic Coast Line Railroad?

A Figured from the income statement, yes, sir.

Q Well, you couldn't pay dividends on your common stock, could you, unless you did it out of earnings or suplus?

A We pay our dividends not out of railroad earnings, sir. The Coast Line, very fortunately years ago acquired some securities, back in 1901, and the dividends we collect on those securities is more than ample to pay what dividends has been paid on the Coast Line stock.

Q As a matter of fact though, the Coast Line Railroad has been able to pay dividends on both its preferred and its common stock, has it not?

A Not from railroad operations.

Q Well, from what it owns?

A Yes, but the items of dividends is not an item to be considered in figuring the results from operating a railroad. It is no part or parcel of the railroad operations. The securities from which we earn the dividends were not acquired with funds from railroad operations. The securities were

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acquired through the issuance of bonds and the bonds were retired from the dividends we got on the same securities. As an example, during the years 1946 through 1949 the Coast Line, from its investments in its portfolio, collected $53 million in dividends.

Q Well, is that portfolio mainly composed of stock and bonds of other railroads?

A Principally L&N stock, and during this same period we paid out dividends of $25,700,000. Based on the 823,427 shares of A.C.L. common stock that is out, the Coast Line in that period of 14 years paid $2.23 a share on its stock, whereas based on the same number of Coast Line common shares that it has outstanding it collected $65.00 a share, and it is out of this $65.00 that that dividend is being paid, its out of that same $65.00 that the Coast Line has been operating on in these periods of lean revenue, and its out of that same $65.00 that the Coast Line has been acquiring its additional properties; not from railroad operations.

Q Well, its acquiring them from the operation of other railroads that are in the system, so to speak?

A Sir, the shares of stock that we have, acquired in the year 1902, we have never acquired any additional shares. We are not dealing in them, they are just in the portfolio and they've been there all those years.

Q They are part of the system, are they not?

A They belong to the Coast Line.

Q They belong to the Coast Line, and the Coast Line as a whole has been making money, hasn't it?

A Through that source but not from railroad operations.

CHAIRMAN McWHORTER: What is the set-up there? The Coast Line Corporation owns this L&N stock, is that right?

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A The Coast Line Railroad.

CHAIRMAN McWHORTER: The Atlantic Coast Line Railroad owns the stock?

A Owns the L&N stock, sir.

CHAIRMAN McWHORTER: And it owns all the operating properties that it operates?

A Oh, yes, it owns its own properties.

CHAIRMAN McWHORTER: And then it owns this stock in the L&N?

A L&N Railroad, yes, sir. Of course its been held by the courts time and time again, and its been held by the Interstate Commerce Commission that revenues from such sources are not to be considered when you are considering railroad earnings.

MR. CONGER:

Q Mr. Anderson, are you familiar with the exhibits presented to this Commission with your application when you made it back in last May?

A I think so, sir.

Q Did you prepare those exhibits?

A I assisted. I didn't prepare all of it but I took part in it, yes.

Q Did you show your fuel cost to be $188,289.80?

A I would say yes.

Q And you have now increased your fuel cost to $192,421.?

A The other figure was $188,000., sir?

Q Yes, sir.

A And its $192,000. now?

Q I'm using your figures.

A The figures as originally computed did not include Diesel fuel, sir, and that is the reason for that change.

Q Then this second figure is correct?

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A On my exhibit, yes.

Q There are no oversights now in connection with that figure?

A There are some with respect to the fuel, yes, sir. For instance, at Montgomery we pay a switching charge on the cars of coal coming to us at Montgomery and there's not a penny in there for us for any switching charge.

Q Well, does your A.C.L. operate as efficiently as other trains do?

A As other companies?

Q Yes.

A Oh, yes, I'd say yes.

Q Do you know what your average cost per ton of coal is?

A Yes, sir.

Q What is it?

A The average cost per ton of coal in the year 1948 on the run from Savannah to Montgomery was $8,169.

Q Are you familiar with the fact that your figures furnished to the Interstate Commerce Commission, Bureau of Transport Economics and Statistics, list the average cost in 1948 as $4.38?

A That must be at-the-mine price.

Q Well, what charges do you include in that $8.16?

A We include the cost of the coal at the mine, the foreign lines' freight charges, the Federal tax per ton of coal, transportation tax per ton of coal, the proportion of the cost of operating the coaling stations is spread out over the ton of coal.

Q Based on the coal at $4.38 a ton, then your actual cost for the coal is roughly twice that?

A That's right, sir.

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Q But that does not include any freight charges paid to the Atlantic Coast Line for hauling that coal?

A It has the cost of handling over the Coast Line, yes, sir.

Q It includes your regular freight charges over your entire system, does it not?

A No, sir, it is not in there on the entire freight charge, there's a portion of it. The Coast Line's proportion of the through revenue is not in there but there is a proportion of that in there to cover cost of handling over the line.

MR. FLINT: I wonder, Mr. Anderson, if you would be willing to furnish to the Commission a statement showing your average cost of coal used on these trains for 1948 or 1949, and a break-down showing all the factors that enter into this cost?

A I will be glad to, sir.

MR. FLINT: I would like to ask you one other thing in connection with it. Is that cost the average price for your system or is that the average price of the coal?

A Its just the coal on the particular run.

MR. FLINT: Where would you get that coal from?

A Some of it comes out of Alabama, some comes out of West Virginia and some comes out of Kentucky.

MR. FLINT: I would like to ask if you would furnish the cost of Diesel oil for the same periods and a break-down of the factors that enter into that cost?

MR. COMER:

Q Mr. Anderson, I noted that you say this fuel charge is just for the actual fuel used on 57 and 58?

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A That's right, sir.

Q Yet, some of the other figures you use, a great many of the other figures you use are based on your over-all average? Isn't that true?

A Yes, sir.

Q Now, in showing your revenue, I refer particularly to your express revenue, how did you arrive at that figure?

A A carrier receives its express revenue on the basis of space occupied in the express car, the actual number of feet of space occupied in the express cars of Trains 57 and 58.

Q That's the actual revenue received on 57 and 58?

A Its based on the actual number of feet of space occupied in those trains.

Q What are the average number of express cars that you use on 57 and 58?

A I think our transportation man would be a better man to answer that. I'm not too familiar with the daily operations.

CHAIRMAN McWHORTER: Is your transportation man here?

A He will be on the stand later.

CHAIRMAN McWHORTER: He will be on the stand but in order to give continuity to the questions there, it might be well for him to come up and answer those questions.

E. B. RUSH: On the stand, duly sworn, answered specific questions as follows:

MR. CONGER: Mr. Rush, what is the average number of express cars used on 57 and 58 as of this time?

MR. RUSH: An average of two, and in certain seasons its three.

MR. CONGER: Is there ever less than two?

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MR. RUSH: No, sir.

MR. CONGER: And in certain seasons there would be more than two?

Mr. RUSH: Yes.

MR. CONGER: So the average would be more than two, wouldn't it?

MR. RUSH: A little more than two.

MR. CONGER: Thank you, sir.

Q Now, Mr. Anderson, do you know at what time your A.C.L. system became Dieselized? 57 and 58 I'm referring to now.

WITNESS ANDERSON:

A Oh, it was just a few months back, about the middle of 1949.

Q So these figures that you have presented to the Commission this morning through June 1940 do not reflect your savings of Dieselization, do they?

A They reflect it to the extent that Diesels were operated in those periods, sir.

Q Well, you were not operating Diesels on 57 and 58 at that time, were you?

A They did occasionally, yes.

Q Over your entire operation, what percentage of savings do you make by use of Diesel trains?

A The Diesel fuel over coal fuel?

Q Yes, sir.

A Approximately one-third.

Q So that would reduce - your Dieselization would reduce your fuel bill by at least one-third, wouldn't it?

A I'll be glad to give you the figures, I have them here.

Q For 1949?

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A No, for this period that we have worked, 1948 and six months of 1949.

Q What are those figures? If I may ask, sir, substitute those figures for your figures shown in Exhibit 13.

A Fuel shown on Exhibit 13 is in the amount of $84,798. If Diesel oil were substituted for coal that figure would be modified to $58,505.

Q $58,505.00?

A That's right, sir.

Q Now, I'll ask you if you know when the Atlantic Coast Line decided to make application to eliminate Trains 57 and 58, or to put them on a tri-weekly basis?

A I don't know the exact date, its been some time ago.

Q Well, just give us an estimate.

A Oh, its been eight or nine months ago I would say.

Q Did, or did not that coincide with your schedule changes to make this train miss connections with all connecting trains?

A I don't know a thing about its connections, I have nothing to do with them, sir.

Q You are not familiar with the fact that about that time your connections between Montgomery in Thomasville with Atlanta was made a miss of about 10 minutes there?

A I don't know a thing about it, sir.

Q Are you familiar with any effort on the part of the A.C.L. to show a loss on these trains from the passenger service?

A Well, I can say very definitely that there has been no attempt to do that.

Q Not so far as you know?

A I say that positively because its not our purpose to -

Q Well, do you know why they would change the schedule to miss trains

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about 10 minutes?

A I can't answer you because I don't even know that they changed it. I know nothing about the schedules.

CHAIRMAN McMINORTER: Suppose you just hold that question for Mr. Rush.

MR. CONNER: All right, sir.

Q Does the ACL own their Diesel locomotives?

A Yes, sir, they own them. Of course, they are mortgaged, most of them.

Q You don't have any lease arrangement with GE or with any other concern on your Diesel motors?

A Well, they are being purchased under equipment trusts and conditional sales agreements.

Q And as a part of that conditional trust and sales agreement, who is responsible for maintenance of those Diesel engines?

A The Coast Line.

CHAIRMAN McMINORTER: Did you say the Coast Line?

A Yes, sir.

CHAIRMAN McMINORTER: Go ahead, Mr. Conner.

MR. CONNER:

Q What is your ratio of maintenance in connection with a Diesel as to a steam engine, an old steam engine?

A Well, the steam engine per locomotive mile will run 35.8¢. We don't figure the Diesels on the basis of a Diesel locomotive mile due to the various types. We figure them according to their size, therefore we

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figure then on the horsepower to give recognition to the sizes of motors. So there really is no actual comparison that I could give you.

Q What was the approximate horsepower of the old type steam locomotive you used on 57 and 58 before Dieselization?

A They are based on the tractive effort and these type locomotives had a tractive effort of right at 45,000 pounds.

VICE-CHAIRMAN KNIGHT: By that you mean the pulling power?

A Yes, sir.

MR. CONGER:

Q What size Diesel do you use now to haul 57 and 58, in horsepower?

A We are using the 2,000 horsepower.

Q All right, sir, what is your maintenance rate on a 2000-horsepower Diesel engine?

A 14¢ a mile.

Q Compared to 35.8¢ a mile?

A That's right.

Q So actually then your figures for 1948 don't show a true representation as to the maintenance of engines, do they, Mr. Anderson?

A Yes, sir, they are true with respect to what was operated.

Q In 1948, but not as to what is being operated the last part of 1949 and 1950?

A Well, sir, the fact that there are Diesels on there now does not mean that there will be Diesels there next week. It must be borne in mind that when we placed the Diesels on 57 and 58 we had to take Diesels off a run somewhere on our line, perhaps in another state, and substitute

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steam. Overall the Coast Line probably didn't save a dime in doing it because what it cut it in one place it increased it in another. We don't have enough Diesels to conduct the operations of the Coast Line, so whatever we run on one run we have steam on the other run in lieu of it. In the overall picture financially there is no difference.

Q But dealing with this one particular stretch of road and with Trains 57 and 58, by using Diesel engines you cut the maintenance of locomotives nearly in half, don't you?

A Sure, there's a saving there and an increase somewhere else.

CHAIRMAN McMECHEN: On his theory then, your maintenance of locomotives which you list as $46,000., actually if you did use Diesels all the time, you would have about $18,600. maintenance?

A Somewhere around that. Mr. Chairman, it seems worthy to point out the fact that if the figures were recast, and I have recast them during the lunch hour, to compute the entire mileage on the basis of Diesel fuel, forgetting coal, you still have an enormous loss in each respect and you have the enormous loss after deducting only the direct expenses. Now, you can go further than that, Mr. Chairman, you can do the same thing with the maintenance of locomotives if you care to and you would still get the same result. You would have a large loss right after direct expenses without any indirect at all.

MR. CONGER:

Q Then actually using your most efficient form of operation for 57 and 58, which includes your Diesel fuel and your Diesel maintenance, you are not, in 1950, showing any loss on passenger service, are you?

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A In 1950?

Q Yes, sir.

A Yes, sir, I'd say yes.

Q What do you base that answer on?

A I base it on the small revenues that we get from the train operations.

Q All right, sir, we'll get into that in just a minute.

What has your Company done to improve the service or to attract revenue on these trains?

A I have nothing to do with the operation of trains, sir, I'm in the Accounting Department.

Q Of your knowledge, have they done anything?

A Well, I know one thing, we have traffic men - in fact, all of us individually try to solicit business for the Company. You don't have to be a traffic man to do that.

Q No, sir, I say do you know of your own knowledge anything that has been done to improve the service or travelling conditions to induce people to ride these trains?

A Well, to improve the service, that is an operating matter; to induce people to ride, that's a traffic matter. Of course, as I said, all of us are trying to get business for the Company, be it passenger traffic or be it freight.

Q Are you familiar with the age of the equipment that is used on Trains 57 and 58? I'm talking about the cars that people have to ride in.

A Not specifically, no.

Q What is your rate of depreciation on a passenger car?

A 3%.

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Q And a car that's been in service 30 years would be 90% depreciated?

A On that basis, yes.

Q Then if these cars are 30 years of age you only have a 10% investment in them? Is that right, sir?

A Well, I wouldn't say that exactly, no, sir, because, you take in the years of lean operations when you make nothing - if you made nothing you certainly couldn't pay depreciation out of it. You can't liquidate depreciation out of a deficit, and we've had a lot of those, too.

Q You do take advantage of it on your income tax though, don't you?

A Oh, no, we don't exactly take advantage of it. Its a legitimate deduction and, of course, we, like any other business establishment, take whatever the law provides.

Q Referring back again to your Exhibit No. 6, your 1948 operations, you have a charge of $3,248.00 for water. Of course, that's incorrect as it applies to Diesels, is it not?

A We have no charge in there for Diesel water, sir.

Q Well, what is that water for?

A That's for steam engines.

Q So if you are running Diesels you have no charge for water?

A For the Diesel operation in here we have no charge for water.

Q Now, lubricants, you have $2,860.00. Can you give us a break-down on that?

A Are you looking at 1949, sir?

Q I'm looking at 1948.

A You say that's on Exhibit No. 5?

Q Exhibit No. 6.

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A That's $2,860.65?

Q For lubricants, yes, sir.

A That divides on this base: $568.00 of it -

Q Well, is that on Trains 57 and 58 or is that a car mile average for your entire system?

A That is based on the studies made at the shops. It is an average.

Q And its not on these two trains?

A Its based on - its locomotive lubricants and its based on the average cost for lubricating engines in and out of the shops.

Q And that again deals with steam engines, does it not?

A True, and there's some little bit in there for Diesels. In that whole figure there's $311.00 for Diesel lubricants.

Q And that amounts to a quart per engine per trip? Is that correct?

A I wouldn't know whether its a quart or not.

Q But this figure you have here does apply primarily to your steam engines?

A Oh, its all steam excepting $311.00 of it.

Q Then its not a true representation of the facts as they appear today, is it?

A Well, the fact of the matter is that in 1948 there were very few Diesels operated. Now if Diesels had been operated throughout the year 1948, $311.00 would not cover the cost of the lubricant.

Q But it wouldn't be as high as this figure of $2,860.00, would it?

A No, I don't imagine it would, but again we would have the steam some place else and be lubricating them on another line.

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Q Well, do you deliberately put steam engines at places where you want it to look a certain way or how do you determine that?

A They use them according to where they are best fitted for the service.

Q And you are not using these steam engines somewhere else to get up facts and figures for another application to withdraw train service?

A Oh, we operate lots of steam engines, we have about 600 of them and, of course, we don't just place them around just to develop costs.

Q You have one figure there for train supplies and expenses. How did did you arrive at that figure? That's Exhibit 6 or 13, either one you prefer to use.

A That's $36,000. for the year 1948?

Q Yes, sir.

A Train supplies and expenses covers the cost of the supplies furnished to the passenger train itself. It covers the cost of lubricants, it covers the cost of paper cups and what have you.

Q And the toilet tissue?

A Yes, it covers that, too. In the year 1948 the Coast Line, for train supplies and expenses, passenger, spent $1,676,000. for such items as that, and during the year 1948 it operated 94,758,000 passenger car miles. So that $1,676,000. was divided by the 94,758,000 and you get a figure of 1.7¢ per car mile, then you multiply that by the number of miles that the car operated in the train.

Q In other words, this figure is your average car mile figure multiplied by the number of miles you've operated these trains and includes the extra services you give on the Champion and the other good trains, includes a pro-rata part of those?

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A Well, those trains make more miles so it would have the effect, when you work it out on a car-mile base, it would have the effect of reducing the average cost per car mile. So this train here, 57 and 58, gets the advantage of the long runs on those particular trains.

Q Well, that figure includes - the Champion, I believe, has the little linen doily at the back of your head and the other little niceties that 57 and 58 doesn't have - that would be a part of the expenses?

A Sure, that's part of the cost.

Q And so even though 57 and 58 do not have the service they paid their pro rata share when you figure it the way you figured this?

A On the same basis that 57 and 58 gets the advantage of the reduced average by the increased number of miles that those operated.

Q And do you think then that this - now, what do you furnish on 57 and 58 in the way of passenger conveniences?

A Well, as I said, I'm the accounting man, I'm not the operating man.

Q But that would buy a lot of toilet paper and paper cups, wouldn't it, that amount of money?

A What amount are you speaking of?

Q I'm speaking either of this $36,974. or this $18,000.

A What exhibit is that on?

Q Exhibit 13, you have train supplies and expenses, $18,600.49.

CHAIRMAN McMORTIER: Are you taking the position that all they furnish on those trains is toilet paper and paper cups?

MR. COBGER:

I think we'll prove that they only furnish toilet paper and paper cups.

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CHAIRMAN McMORTER: You take the position that $18,000. would buy a lot of toilet paper?

MR. CONGER:

I don't believe they could spend that much money over there.

Q On your engine house expenses, would you actually save, and I'm still referring to Exhibit 13, would you save $8,180. by making these trains tri-weekly, or would you save anything?

A Oh, sure you would save something.

Q How do you figure that?

A Well, if you cut down the operation of a train you are just bound to save something.

Q Well, isn't that $8,180. the total cost of your engine house expenses based also on an average car mile ratio rather than the actual expenses of 57 and 58?

A No, the engine house expenses again is based on a study made at the shops on the basis of engines in and out of the shop.

Q And you would actually maybe save 4/7 of that instead of the entire amount?

A That's right.

Q And that's based on a study made of the whole situation rather than these two trains?

A No, the 4/7 is on the basis of now that you are operating 7 days and on a tru-weekly you would only operate three, so you've got 4/7 off and 3/7 on

Q I'm trying to find out, sir, if this figure was the figure that was actually kept on Trains 57 and 58?

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A Sure, you would save 4/7 of it.

CHAIRMAN McWHORTER: How do you arrive at the $8,180?

A We get a report from our motor car department based on their studies at the shop in which these engines are handled, and they compute the cost of the engines in and out of the engine house and prorate it over the engines in and out. That covers inspection and all kinds of miscellaneous items.

CHAIRMAN McWHORTER: And then you prorate that cost per engine in and out of that engine house?

A That's right, sir. Incidentally, that figure of engine house expenses includes the labor at the engine house, supplies and what have you.

MR. CONGER:

Q Is that on a pro rata basis or is that your total cost at that engine house?

A That's pro rata, that's per engine in and out.

Q Well, on these 1948 figures and the 1949 figures that you presented, how many times did you change locomotives between Savannah and Montgomery?

A I don't know how many times we changed them; they were changed considerably though.

Q Isn't the average run of a steam locomotive about 150 miles before it's changed?

A Oh, no, we have some that we run 600 miles.

Q How about one that was built back in 1920 and 1921 or 1925?

A They are run the same way.

Q Well, how long will one of your Diesels run? It will make the whole trip, won't it, from Savannah to Montgomery?

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A Yes, and you can do a steam that way, too, but you don't do it. Of course, you usually make more miles with Diesels.

Q Well, didn't you actually, as a general rule, change your engine as you changed your crew?

A Not all the time.

Q Didn't you have steam locomotive shops at Waycross for that purpose?

A We have shops there, yes, sir.

Q Your Diesels do not use those shops, do they?

A They have a Diesel shop at Waycross, I believe.

Q How about at Thomasville?

A I don't know. I don't go into the operations and I'm not familiar with them.

Q The use of your Diesels would actually, though, reduce the engine house expenses as well as other expenses, wouldn't it?

A There would be some difference but whether it would reduce it or not, I just couldn't say.

Q Isn't it true, Mr. Anderson, that the figures you have presented at this time do not accurately reflect your expenditures as of this time?

A Well, sir, whenever you are engaged in more than one function, necessarily you have to work it on the basis of formula. Any cost accounting is based on formula. You average, actual to the extent that you can get it - there's nothing unusual about that. The basic fundamental of cost accounting is formula, its divisions, percentages, and there isn't any way in this world that you can come out with the exact penny it takes to operate a train. For instance, speaking of Diesel fuel, if he didn't work it on the basis of horsepower per mile then you would have to measure the tank every time you

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went off the run to find out how much fuel you had in it and how much you added. That's an impossibility. Of course, you get right back, you have to use a formula. That's the only way it could be done.

Q Well, from the facts you've shown this morning you could, by using the proper formula, show a loss on any passenger service, couldn't you?

A No, sir, not if the revenues were -

CHAIRMAN McMORTER: You said "proper" formula, you used the wrong word there, didn't you? You mean by "a" formula, don't you?

MR. CONGER: Yes, sir, by this formula.

A No, sir, you couldn't do that if your revenues exceeded your losses. This formula is nothing new. This formula has been in use for years before all the Commissions.

MR. CONGER:

Q By using that formula, don't you show a loss on your entire passenger operation?

A On these trains?

Q On all trains for A.C.L.?

A No, you wouldn't do it.

Q Well, in one of your exhibits today, sir, you showed a very definite loss on all passenger service for Atlantic Coast Line Railroad.

A That's for the system.

Q Well, aren't a good many of your figures based on the system that you are presenting to the Commission at this time?

A As I said, necessarily you must base some of them on averages, but to the extent that its possible to get the actual, you get the actual.

Q But by basing those that are necessary on the entire operation of the system, you could show a loss on any passenger train?

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A No, sir. The fact that you show a loss in operating a passenger train or the fact that the system has a loss in its entire passenger train operation does not indicate that there's anything wrong with the expenses incurred in operating the train; what it does indicate though is that you don 't have the passengers riding the train.

Q Are you familiar with the records of any of your competitors, say, the Nancy Hanks, a Central of Georgia train, or any of those trains that provide decent service for passengers?

A No, sir. Of course, I do not have access to their records.

CHAIRMAN McWHORTER: If you don 't mind, let's get back to that engine house expense. Do you have your work sheets on that?

A Just a minute.

CHAIRMAN McWHORTER: Where is your engine house located, the shop where you usually service these trains? I believe you said you had one in Montgomery and one in Savannah?

A Savannah, Waycross and Thomasville.

CHAIRMAN McWHORTER: Well, take your Waycross shop - that's not a very large shop -

A Yes, sir, that's the biggest one we have.

MR. COMER: Mr. Chairman, ask him if he's talking about steam or Diesel locomotives.

A These are steam.

CHAIRMAN McWHORTER: Let's take steam. I'm trying to get the formula. How much expense did you have in that engine house during the period covered? The 1948 figure?

A Well, that's on exhibit 13, enginehouse expenses, $8,180.

CHAIRMAN McWHORTER: That's just for this particular operation. Is this the only train that goes through that engine house?

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A Oh, no, they have other locomotives in there.

CHAIRMAN McMHORTER: Well, that's for this locomotive?

A Yes, sir.

CHAIRMAN McMHORTER: How did you allocate it?

A Its allocated on the basis of studies made by our motor car department and they give us a statement each month.

CHAIRMAN M cMHORTER: It's baded on the expense of the total operation in that particular engine house?

A The costs incurred in that engine house for items of the nature charged to the engine house expenses. It doesn't include repairs of anything like that.

CHAIRMAN McMHORTER: In other words, if the engine house expense was $10,000. over a period and you have 10 locomotives that were serviced there, that would be $1,000. per locomotive? That's the formula that you use?

A That's right.

MR. CONGER: Well, if the Commission please, would it be possible to get his entire cost at places such as that so we can see that kind of formula we could work out?

CHAIRMAN McMHORTER: You would want only one point?

MR. CONGER:

I would want it, sir, in connection with his Diesel operations which I believe only includes Montgomery and Savannah.

CHAIRMAN McMHORTER: Could you furnish that?

MR. CONGER:

Q And then by knowing the number of engines you have that use those engine houses, maybe we could be in a better position to see how your formula works in connection with these particular trains.

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A Diesel locomotives now, bear in mind, are figured on a different basis. Diesel locomotives are figured on the 1000-horsepower basis according to the variation in the size of the motors.

Q Well, you've already stated that you use a 2000-horsepower motor to pull 57 and 58.

A That's right.

Q Of course you have freight cars that I'm sure you use much larger engines, but if you could tell us the number of 1000-horsepower units that you serve at any one engine house, then it would be a very simple matter of mathematics that other than a cost accountant could work out to see what proportion of that should be charged to a 2000-horsepower unit.

A Well, that is what has already been done in so far as the Diesels have been used. That is what we've done.

CHAIRMAN McMORTER: I think he wants to know something about how you arrive at your formula.

MR. COSGER: Not how he arrived at what happened in 1948, sir, but how he arrived at what has happened since they have been using Diesel engines.

CHAIRMAN McMORTER: In other words, how he arrived at the charge for the Diesel house expense?

MR. COSGER: That's right, sir.

A All right, sir, if the Commission says so, I'll be glad to send it to him.

CHAIRMAN McMORTER: Well, I think that would be good information and I would like for you to send it to the Commission also.

MR. COSGER: I think the Commission can see the falla cy already of

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trying to decide this issue on what happened back in 1948, and I do think that we should recess or adjourn or do something until such time as they can furnish to this Commission and to we who are objecting -

CHAIRMAN McMORTER: I think you are doing pretty well, you are getting us a lot of information. I think it would be bad to cut this off at this point.

MR. CONGER: Well, I'll bow to your judgment, sir. We haven't got these figures to study them or to give any rebuttal evidence about them.

CHAIRMAN McMORTER: Well, let's develop all we can.

COMMISSIONER CHAPPELL: Don't you think it would be a good idea to put on your witnesses to say the least because it would probably be inconvenient for a lot of these people to come back here again.

MR. CONGER: Sir, they will be inconvenienced and we want to use them if we can at this time, but they won't be inconvenienced near as much as they will be if these trains are taken off. They'll come back.

CHAIRMAN McMORTER: I think you're getting along pretty good with your examination.

MR. PEDRICK: Mr. Chairman, may I interrupt here? With respect to information regarding the figures of engine house expense on Diesels, until we develop further I don't know that Mr. Anderson knows where those Diesel engines are serviced. The counsel for the opponents referred to Savannah and Montgomery. I think probably information develops that the Diesels are not really serviced to any great extent at either Savannah or Montgomery, but before you ask for specific information relating to particular engine house expense I think we ought to determine by other witnesses just where that information would come from.

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CHAIRMAN McWHORTER: Well, you people know -

MR. PEDRICK: Yes, but I didn't want you just to arbitrarily say give us the information of engine house expense at Savannah or Montgomery when they would not really apply.

CHAIRMAN McWHORTER: What he wants is just to know how you arrive at engine house expense covered in the operation here.

MR. PEDRICK : I think it would be better to let us develop the evidence completely before we determine if there is additional information that's needed.

MR. COHEN: And should I ask Mr. Rush for those figures?

MR. PEDRICK: Yes.

MR. COHEN:

Q Mr. Anderson, do you have any figures, not dealing with just Trains 57 and 58, but with all of your trains that run between Montgomery and Savannah?

A No, sir, I do not.

Q You don't know about the day passenger trains or freight trains, what your revenue is from them or anything like that?

A I haven't computed it.

Q Well, could you furnish us with that also? You've furnished us with what your entire operating expense was and what your entire deficits or profits were, couldn't you for the benefit of this Commission and we who are opposing this move work out whether or not you are actually making money on this run between Savannah and Montgomery?

MR. PEDRICK: I don't see the relevancy of that.

JUDGE DOUGLAS: May it please the Commission, it would certainly be

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more relevant that the facts about the system as a whole and their first two exhibits, as I understood, related to their system as a whole. Now we would like to know what they are doing on this particular line.

CHAIRMAN McMORTER: Well, I think this purpose in putting in those system figures is to show that the system as a whole was not making too much money and, therefore, it should not be expected to operate services anywhere at a loss. I don't think that would be particularly helpful to the Commission in deciding this particular issue.

MR. CONGER:

Q Mr. Anderson, haven't you applied for and received an increase in your mail rates and express rates?

A There have been adjustments in them, yes.

Q Wasn't one of those adjustments upward, which amounted to an increase?

A Yes.

Q When did that become effective?

A I don't have the date right at hand, sir, but there have been some.

Q There have been some since June 1949, have there not, retroactive to February 1949?

A I'll take your word for it.

Q And that, of course, would show additional revenue for the period from June to December, 1949, would it not?

A In the case of mail and express?

Q Yes, sir.

A Well, yes, it would.

CHAIRMAN McMORTER: Have you finished with the expense examination?

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MR. CONDER: I have, sir, but we have about three others here who might want a shot at it.

CHAIRMAN McWHORTER: While we are on that expense, there are one or two things I would like to ask about.

MR. CONDER: All right, sir, go right ahead.

CHAIRMAN McWHORTER: On your crew expense, I'm just curious to know, that operation from Thomasville to Savannah, 210 miles, isn't it?

A Approximately. It's 200 miles.

CHAIRMAN McWHORTER: What is your labor cost there for an engineer?

A The engineer gets $12.41 for 100 miles on a steam engine.

CHAIRMAN McWHORTER: Well, what does it cost you for the engineer to make that run?

A Well, as I said, the engineer gets $12.41 for 100 miles - that's on a steam engine. The fireman gets $10.86 -

CHAIRMAN McWHORTER: Wait just a minute, sir. That was $10.86 for the fireman?

A Yes, sir, $10.86 for 100 miles.

The conductor gets $8.43 for 100 miles plus a certain number of hours - he's guaranteed 150 miles, I think.

CHAIRMAN McWHORTER: Let's see now, that's $8.43 for the conductor for 100 miles?

A That's right, sir.

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The baggagemaster gets $7.33 for 100 miles plus a certain number of hours allowance; the flagman gets $6.99 for 100 miles plus an allowance for so many hours. The porter gets $7.68 a day.

CHAIRMAN McWHORTER: Well, go back to the engineer, he gets $12.41 for 100 miles?

A That's right.

CHAIRMAN McWHORTER: And this being 200 miles he would get -

A Well, he doesn't go all the way.

CHAIRMAN McWHORTER: Well, you pay him -

A Oh, yes, regardless of whether he runs less than 100 miles he will still get his 100 miles.

CHAIRMAN McWHORTER: Where does he go?

A That's from Savannah to Waycross, 96 miles.

CHAIRMAN McWHORTER: He gets $12.41 from Savannah to Waycross? How long does it take to make that trip?

A Two hours and 55 minutes.

CHAIRMAN McWHORTER: Three hours and he gets $12.41? What does he do then, just lay over until the next train comes? Does he make a round trip a day?

A No, sir, between Savannah and Waycross he is paid for the run in each direction on what we call a straight away base.

CHAIRMAN McWHORTER: He earns $12.41 a day and works three hours?

E. B. RUSH: He makes a round trip a day, twice 96, and is paid for 200 miles.

CHAIRMAN McWHORTER: In other words, he makes $24.00, approximately $25.00 daily?

MR. RUSH: Yes, sir.

A Now the wages of an engineer on a Diesel locomotive are higher, $12.75

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for 100 miles; the fireman is a little higher, $11.12 for 100 miles.

CHAIRMAN McWHORTER: How many people do you work on that train, five?

A Six. Engineer, fireman, conductor, baggagemaster, flagman and porter.

CHAIRMAN McWHORTER: This indirect expense here, maintenance of way and structures - if you were to eliminate - make the change that you are seeking here, would that eliminate any part of the maintenance of way and structures?

A Yes, sir, it would eliminate some part, a part that is impossible of computation, but it would have some effect on the maintenance.

CHAIRMAN McWHORTER: Would you save $35,000. on your maintenance?

A Is that the figure on the exhibit, sir?

CHAIRMAN McWHORTER: Yes.

A No, I wouldn't say so, sir.

CHAIRMAN McWHORTER: What about traffic?

A There would be some slight saving in there.

CHAIRMAN McWHORTER: Would it be on your Exhibit No. 15? That's just dealing between Savannah and Thomasville, the figure is $6,186., would you save that much on traffic if you were to cut this service in half?

A Probably not all of it, no, sir.

CHAIRMAN McWHORTER: The same thing is true on your transportation?

A On the transportation you would save 4/7 of it.

CHAIRMAN McWHORTER: What goes into your transportation?

A Well, wages, fuel, those are the two principal items in there. Oh, you mean transportation on the indirect. You probably wouldn't save all of it.

CHAIRMAN McWHORTER: The same thing is true on your general expense, you wouldn't save $8,190. as shown on this exhibit?

A It is very possible on the general, because it is very surprising how much clerical hire there is in connection with one of these things. There

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would be some saving, yes, sir.

CHAIRMAN McWHORTER: You would still use those trains somewhere else so you wouldn't really save your investment, interest on investment in locomotives, would you?

A No, sir.

CHAIRMAN McWHORTER: Nor would you save your depreciation on locomotives?

A No, sir. There would be a saving on your indirect expenses, but I couldn't tell you how much it would be.

MR. FLINT: So far as that goes, Mr. Anderson, on your maintenance of way and structures on the formula you've used, if you went for a whole year without performing any maintenance on this particular line and if you increased your maintenance substantially somewhere else on your line, you might even show an increase on this line on that formula?

A Well, if you were to do that, that's possible, but that's just not done.

MR. FLINT: Well, that's purely a hypothetical question, but there wouldn't be any possible way -

A And by the same token, if you shifted all of your maintenance over on this line from Savannah to Waycross - I should have said from Savannah to Montgomery - you could show a lesser figure than would apply there.

MR. FLINT: In other words, the figures don't necessarily show a true picture at all, do they?

A Well, it gets back to the same base; there has to be some basis to allocate the maintenance and when you get on to a cost formula there's only one way to do it, and that's on some formula.

CHAIRMAN McWHORTER: All right, go ahead, Mr. Conger. Pardon me for

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interrupting you.

MR. CONNER: That's perfectly all right, sir.

Q Mr. Andersen, getting back to another formula, what is your average cost saving in percentage by the use of Diesel engines over steam operated locomotives?

A Well, the only saving that's - I gave you the figures on the coal - on the oil.

Q No, I'm talking about your overall percentages. You have stated that you save money on your fuel, you save money on your maintenance, you save money on your water, you save money on your lubricants.

A I tell you, that's a question that's impossible of answer. In fact, I don't know whether anybody could answer that question.

Q But don't you generally concede that you save at least one-third of your direct expenses by using Diesel engines?

A I say that we can save one-third of the fuel. I wouldn't say one-third of all the expenses.

Q In a news release to the Wall Street Journal, didn't you, or someone in your capacity, indicate an overall savings of 30% by Dieselization?

A Overall, well, that's a little less that I said for the fuel; I said one-third, that's 33%.

Q No, I'm not talking about just your fuel, I'm talking about your entire operating expense. Didn't you allege a 30% saving?

A I don't know where that statement came from, sir. It didn't come from me.

Q Well, do you have any subordinate who might have let it out, or superiors?

A It didn't come out of my department, I don't know where it came from.

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Q Well, do you think that figure is out of line?

A Frankly, I would like to answer you if it were possible, but I just can't. I just don't know what the comparison would be between these other costs and I'm not sure you could even calculate it.

Q Well, didn't someone in the cost accounting department, by using some formula, come to some conclusion which made you change from steam operated locomotives to Diesel engines?

A Oh, we knew there's a saving, that's why we're trying to put on Diesels. There wouldn't be any object in putting them on if there wasn't some benefit to be derived.

Q You don't have any idea though what percentage saving is involved?

A I just don't know the answer to that question.

CHAIRMAN McSHORTER: He has testified, Mr. Conger, that there would be approximately a 40% saving in fuel.

A I said a third, Mr. Chairman.

CHAIRMAN McSHORTER: Well, you said 1½¢ compared to 3½¢, and that's 40%.

A That figure now - you're talking about two different things. We don't want to get that confused.

CHAIRMAN McSHORTER: I think he finally got them down to a common denominator.

A Yes, but we're going to get confused on that. 3½¢ is a mile for running a steam locomotive. Now 1½¢ is not a mile for a Diesel locomotive, its 1000-horsepower mile according to the size of the motor.

MR. CONGER:

Q No, you said it was 2000-horsepower mile 1½¢. Its a 2000-horsepower that pulls 57 and 58.

A That's right.

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Q So you are comparing 14 to that 35?

A That's right.

Q So it is really, as he said, approximately 40%?

A Approximately that, yes. That's maintenance. Now there's a thing about maintenance to Diesel locomotives that ought to be brought out. It should be remembered that the Diesels we are operating aren't what you would call old locomotives. Of course, as they put on age it is reasonable to assume that the maintenance will increase on them. Just like a new automobile, your maintenance is lower to begin with but it is going to go higher.

Q Well, it is reasonable to assume that you all will be back up here at that time asking for more discontinuances?

A Well, that seems to be our sole salvation.

CHAIRMAN McMORTER: What is the eldest Diesel that you have in operation?

A The eldest Diesel we have, sir, is 10 years old. Most of them were acquired subsequently.

JUDGE DOUGLAS:

Q Well, when you purchased Diesels, wasn't any estimate made on what the railroad would save as a whole?

A Oh, certainly, that was given consideration, but the question was directed to me and I didn't take part in it, so I can't answer the question, I don't know.

Q Who would know that, sir, with Atlantic Coast Line? Who would know, in purchasing Diesels, what they figured would be the total amount of saving to the railroad?

A Well, I would say that consideration was given to it by the entire management collectively.

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Q You were not present at any of those conferences?

A I wasn't present.

Q You don't know who could give us those figures?

A Not specifically, no, sir.

CHAIRMAN McWHORTER: Well, actually you discovered it by experiment? You thought there would be a saving and you tried it out?

A That's right, we started out with just a few and gradually kept adding to it.

CHAIRMAN McWHORTER: The increase in the cost of coal -

A The coal situation precipitated the acquisition of Diesel locomotives.

CHAIRMAN McWHORTER: The difficulty in obtaining coal had something to do with it, too?

A That's right, not only by our Company but by other companies as well.

MR. FLINT: As a matter of fact, Mr. Anderson, isn't it true that there are certainly ancillary savings, you might say, such as maintenance of way that would just be impossible to compute?

A You just couldn't compute it to save your life.

MR. FLINT: If these gentlemen have finished I have just a few questions that I would like to ask at this time.

CHAIRMAN McWHORTER: Let's see if any of the other attorneys involved would have any further questions to ask this witness. Mr. Purdom, do you have any questions?

MR. PURDOM:

Q Mr. Anderson, on Exhibit 6, I think, you have $134,615.76 for the use of passenger and express cars. Will you tell us how you arrived at that figure?

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A I explained that item before lunch, I'll be glad to do it again though.

Q Just very briefly, if you will.

A The item for use of passenger train cars is to include the cost of ownership of passenger cars, the maintenance and the depreciation involved, because nowhere in these statements do you see anything for repairs to passenger cars or depreciation or anything else. Now that figure is computed on a so-much-a-mile base; its a figure that the railroads have used for -

Q That's over the whole system, is it not?

A Its a national figure.

Q Its a national figure and does not specifically apply to this particular line from Savannah to Montgomery?

A It didn't apply to any line, but it from Savannah or if its out of Tampa, it wouldn't make a particle of difference, because this figure was computed by all the railroads collectively through the Association of American Railroads to try to determine without any element of profit what it costs to operate a passenger car. Of course there are various types of passenger cars, therefore, you have different rates per passenger car and the rate is so much per car mile. For instance, if the Coast Line uses a car of another company, we have to pay them a rental based on -

Q Do you use any other company's cars on this particular run?

A I would say occasionally there might be one on there, but not as a usual thing.

Q Well, if an item of that is included in there that does not reflect a true statement with this particular run, does it?

A Yes, sir, it does, because, as I said, the figure has no element of

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profit in it and it costs you that to own the car regardless of whether its on 57 or 58 or if its on some other run, it doesn't make any difference.

Q On 57 and 58 I believe you stated you did not use, except on rare occasions, cars belonging to another road. Is that right?

A I said that it would be my assumption that there's not many on there.

Q Do you know what type cars they use, whether its modern coaches or whether its old coaches?

A No, I understand that they are very modern coaches.

Q Very modern coaches?

A I wouldn't say that they are - they are not streamlined but they are good coaches.

Q When was the last time you have seen them or inspected them?

A Oh, I haven't ridden it in a few months

Q So what you are saying is just guess work?

A Oh, we have our transportation man, he will be glad to tell you about it.

Q I mean what you are saying is just guess work?

A I'm just not saying what it is.

CHAIRMAN McWHORTER: He's just explaining the formula for arriving at that cost.

MR. PURDOM:

Q Now, Mr. Anderson, this amount of $134,000. is a national figure based on all railroads with all types of cars?

A Not for all types of cars. As I explained, the rates on various types of cars differ.

Q And the particular type of car that you are using on 57 and 58 are reflected in this $134,000.?

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A That's right, sir.

MR. PURDOM: That's all.

MR. FLINT:

Q Let me just ask you this: To what extend did you break down the different types of cars?

A We break them down according to the individual unit. You have different types of passenger cars that have different rates; you have your baggage cars, for instance. The particular units operated in these trains 57 and 58 were broken down according to their classification where they would fall in the slot for the particular rate. Every day of every month is included in these studies. Its quite a meticulous and burdensome operation.

Q Now the same type coach that you operate on 57 and 58, that coach wouldn't come into the same class, as, say, coaches that you operate on the Dixie Flagler, would it?

A It wouldn't come in, not on the streamlined cars, no, sir.

Q And that figure would include a rate of return on investment, the depreciation, the maintenance and various other items that enter into the cost of car ownership, wouldn't it?

A That's what its supposed to -

Q Would it include taxes?

A I don't think there are any taxes inilt, sir.

Q Now, Mr. Anderson, in previous cases -

CHAIRMAN McWHORTER: It would include ad valorem tax, wouldn't it?

A I don't know for sure, Mr. Chairman, but I rather have my doubts about it.

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MR. CONGER:

Q Did you prepare these things, Mr. Anderson?

A Oh, No, sir, I didn't prepare them.

Q Were they prepared under your supervision -

A Oh, you mean these exhibits?

MR. CONGER: Yes, sir.

A Oh, yes, I prepared them.

Q And you don't know what they include?

A He's talking about the rates; I know what's in the exhibit, but he's talking about the rate for the passenger cars, this national figure, how its computed

Q In other words, you don't know what formula they used, you just accepted their formula and applied it to these facts?

A That's right. After all, its a formula that was worked out by all the railroads combined after due deliveration and study and agreed upon one with the other, that that's what it costs.

Q That's worked out by the railroads and agreed upon by the railroads?

A Sure, that's right.

Q And they didn't consult the public about it?

A Well, I don't know whom they would have consulted from the public's standpoint.

MR. FLINT: Would this formula be comparable with the per diem rate on freight cars?

A No, sir, because the per diem rate on freight cars is based on a so-much-per-day rate.

MR. FLINT: Well, that too is supposed to represent generally the cost of freight car ownership, isn't it?

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A That's right.

MR. FLINT: So at least theoretically, it would -

A Theoretically it is intended for the same thing.

MR. FLINT: All right, then I won't take up any more time on that. Now, Mr. Anderson in previous cases before this Commission, and you recall there have been several dealing with passenger trains discontinuances, you, or other witnesses for your Company, have furnished the number of passengers riding on the trains. Now, I haven't, unless I have just overlooked it, I haven't seen any similar figures introduced in connection with these trains.

A No, sir, they aren't shown on the exhibit and I will tell you why, Mr. Flint. This train operates over the three districts; Savannah to Waycross; Waycross to Thomasville, and then Thomasville to Montgomery, and when the study of the operations were made, why the passengers handled on the entire route just wasn't prepared. Now I have some figures on it by districts, but the figures by districts, when they overlap, why then they double up and in fact they triple on you. That's why I didn't put the figures in, because they are meaningless on that base.

MR. FLINT: Well, now your passenger revenues shown in the actual passenger revenue -

A Yes, that's the actual passenger revenue, yes, sir.

MR. FLINT: Now, if you had the number of passengers operated on these different divisions it would be fair to consider that number of passengers in connection with the exhibits where you have broken down the divisions, say, from Savannah to Thomasville and Thomasville to Montgomery?

A No, sir. It wouldn't work, Mr. Flint, for this reason: The district

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is Savannah to Waycross and that's the way it was computed, you see. Now on that exhibit it is Savannah to Thomasville, all being in Georgia, its in Thomasville. Now you take the passengers handled in the two districts, then again they multiply. I mean, you can't add them together and get the answer.

MR. FLINT: Well, now, I don't want to be burdensome in any request, but I think that that is something that the Commission would want to know, would be the use of trains. We have the revenue, but we don't how how many passengers have been using this train. Would it be possible - would it be a reasonable request to get the number of passengers?

A By districts, I would say yes.

MR. FLINT: That would be helpful and I would appreciate it if you would furnish us with that.

MR. PEDRICK: He says that he has that now but it is misleading.

A I have the data that I could put together but it wouldn't tie in with the exhibits because there are two of them consolidated to cut down the number of exhibits, so your passenger statistics - what would have to be done, Mr. Commissioner, is take that exhibit from Savannah to Thomasville and break it down two ways - Savannah to Waycross - Waycross to Thomasville and then you would get the passenger statistics that would be comparable, but it wouldn't be comparable the way it is now.

CHAIRMAN McWHORTER: Then you would take Waycross to Savannah and break that down?

A Yes, sir, Savannah to Waycross, Waycross to Thomasville, Thomasville to Montgomery. It would have to be broken down three ways.

MR. PEDRICK: In other words, Mr. Anderson, I understand that those passengers - number of passengers wouldn't compare definitely with the

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type schedules we put in here for the revenue?

A No, sir, that's right.

MR. PEDRICK: But you couldn't give the number of passengers on the three districts?

A That's right.

MR. PEDRICK: Well, now if a passenger going from Valdosta, we will say, which is on the line between Waycross and Thomasville, Valdosta and Bainbridge, that would be shown on two districts, that man?

A That's right.

MR. PEDRICK: And yet it would be the same passenger?

A That's right.

MR. PEDRICK: It would be a duplication?

A That's why you have to do them by districts. That's why you can't add them together.

MR. PEDRICK: There would be duplication there. A man traveling from Valdosta to Bainbridge would be going on two districts and would be shown on both districts.

CHAIRMAN McWHORTER: The Commission is mostly interested in knowing just what use the people are making of the trains. It might be local use, or it might be long-haul use.

A Well, Mr. Chairman, if I give you the data, I'll even - in order that you may have something to compare it with - suppose I were to take that exhibit that you have, that I presented rather, from Savannah to Thomasville and separate it between Savannah to Waycross, Waycross to Thomasville, and then give you the passenger statistics for the districts, then it would be comparable.

CHAIRMAN McWHORTER: I think that would help, wouldn't, it, Mr. Flint?

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MR. FLINT: That would be fine.

A I will be glad to do that.

MR. CONGER:

Q Asking you the question Mr. Pedrick asked you, how will you separate, what formula will you use to separate a man who might have ridden from Thomasville to Savannah?

A I won't separate him, sir, he will be in the passenger statistics for each of the two districts.

Q Well, didn't you say you had some of those figures by districts now? By districts, you mean Savannah to Waycross, Waycross to Thomasville?

A That's right.

Q Well, what are those figures, sir?

A Well, that's what I will have to take and modify the exhibit in order to make the statistics comparable.

Q Well, without modification, what are they now? What do you have now in your possession, without any modification at all?

A I've got some figures.

Train 58, Thomasville to Waycross: From Thomasville to Waycross - I'll start from Savannah to Waycross to get the end of the run - in January 1949, Savannah to Waycross, that train handled 1168 passengers during the month. From Thomasville to Waycross -

Q That was between Waycross and Savannah?

A That's right.

From Thomasville to Waycross we handled 1288. From Thomasville to Montgomery, 2456. No, I'm wrong about that, that's the total. I just don't have it all assembled where I can give you that dope.

Q Well, in the month of January there were at least 3 or 4 thousand

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people that rode that train?

A No, now, that's the fallacy of the districts. You have added two together and you have doubled them. That's why I say you can't do that. you double them, you count them twice. I gave you figure of 1200 once and 100 once and now you've got it up to 2 and 3 thousand, see?

CHAIRMAN McWHORTER: Well, now, let's see. The 1100 passengers that you have accounted for there between Savannah and Waycross. Waycross - if all those passengers got on at Savannah and went to Waycross and continued on to Thomasville, still you would count them again, is that right?

A That's right. They would be there again.

MR. CONGER: But it is possible - pardon me, go ahead, sir.

COMMISSIONER PERRY: Would this be informative - I don't know, it just comes to me at the moment - if you take your total revenue and your total number of miles in Georgia and the seating capacity on each run, you know what that is: Can't you ascertain how many passengers you would have to have, assuming they rode continuously, between -

A Oh, yes, I could do that.

COMMISSIONER PERRY: Well, now that would give somewhat a picture of the number of people you haul on each trip.

COMMISSIONER CHAPPELL: The way you've got that figured there I figure you've got about 20 passengers per train, each way. In other words, you handle 40 or 50 passengers maybe a day in both directions.

MR. CONGER: Well, Mr. Chappell, this was just on one train. The figures he gave were just on one train, 57, going west, wasn't it, Mr. Anderson?

A Yes, sir.

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Well, Train No. 57 from Savannah to Waycross averaged 37 passengers during the day, that's what it averaged.

VICE-CHAIRMAN KNIGHT: That was 37 passengers traveling all the way? That's all that would get on or get off, that's as much as that trip made?

A That's everybody that was aboard the train at any point during that entire run from Savannah to Waycross.

COMMISSIONER PERRY: Regardless of the distance ridden?

A Regardless of the distance.

COMMISSIONER PERRY: Well, now, I think that to make that comparison that would give you a picture -

A Taking them all the way through?

COMMISSIONER PERRY: Yes.

A Well, I could do that.

MR. PEDRICK: Mr. Anderson, some of those 37 passengers that got aboard at Savannah, they may get off at Ludowici or Jessup and others get on - I mean there is just no way for you to tell from your figures the distance they ride?

A No, I can't tell the -

CHAIRMAN McWHORTER: I understood that you had an average of 37 passengers per trip on that train, is that right?

A For that month of January, yes, sir.

MR. CONGER:

Q Mr. Anderson, does that include your cash fares that the conductor pick up at these little numerous stops that you make?

A Oh, yes, sir. That includes the cash fares. In fact, the conductor makes a report and he submits it daily at the termination of each run of these cash fares collected, and those reports come in with all his tickets

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and they are counted.

Q That was on 57, what was your average for January of 1950 on 58 between Waycross and Savannah?

A That 37 I gave you was on 58.

Q Well, how about on 57 then, what is your average there?

A 36.

Q The total of the two, of course, is 73, which means that each night these trains don't operate there will be a total of 73 people inconvenienced, is that correct, sir?

A Well, I wouldn't say that, they would probably -

CHAIRMAN McWHORTER: It might be convenient to ride a bus?

A They might ride some other train or ride a bus.

MR. CONGER:

Q Well, you won't have any other trains, will you, sir?

A The operating man would have to answer that, I don't know too much about the operations. The buses have gotten all of our short-haul passengers.

CHAIRMAN McWHORTER: Any further questions?

MR. FLINT: Yes, sir, I've just got one or two more questions.

Now, Mr. Anderson, the record, to my way of thinking is not absolutely clear on your methods of arriving at your express revenue. The impression I got from your testimony was that this was a certain fixed amount that the Railway Express paid you for the car-foot miles operated on these trains. Now, as a matter of fact, what actually happens is that after the Express Agency pays all of its expenses of operation that there is a certain amount of revenue left over which goes to the railroads which own the Express Agency, isn't that right?

A That's right.

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MR. FLINT: And that revenue is allocated on the basis of the number of car-foot miles operated by each railroad. Is that correct?

A That's right.

Q And then you in turn took the total amount of revenue which the Atlantic Coast Line received and applied that against the car-foot miles operated on these two trains, and that is where you get your express revenue, isn't it?

A We took the total express revenue and divided it by the total car-foot miles over the whole Coast Line and got a rate per car-foot miles and applied it to all the car-foot miles on these trains.

MR. FLINT: Yes, sir. Can you tell me, Mr. Anderson, how many years since 1920 the Atlantic Coast Line Railroad has had a net railway operating income deficit?

A Since 1920?

MR. FLINT: Yes, sir.

A Well, let's see. We haven't had a net railway operating deficit in any of those years.

MR. FLINT: Now depreciation comes before - depreciation is one of the factors which is considered in arriving at net railway operating income, isn't it?

A That's true, sir.

MR. FLINT: So actually there hasn't been any year in which you weren't able to take your depreciation on this equipment, then, has there?

A Oh, well, now, you say -

MR. FLINT: Provided it isn't over 30 years old?

A You say, take it, well, you can write it on the books this year and the next year and the year after, but in reality, what does it amount to?

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MR. FLINT: Sir?

A I mean, what does it amount to? You are writing it off, that's true. You are writing it off against your income here, so -

MR. FLINT: I mean you have earned all your expenses in every one of those years, you have just told me that.

A That's right.

MR. FLINT: All right, sir. Well, that was what I wanted to know.

A I wanted to make one more statement about the passenger business: Everybody knows, its common knowledge, that as far as passenger business is concerned it is downhill, And it is common knowledge, too, that all your short-haul passenger business has practically gone to the buses. Short-haul passenger business is practically a thing of the past and they just aren't. There are very few people riding any passenger train on the short-haul base.

MR. FLINT: And the long haul business has just about gone to the airplanes?

A Some of it has. So I'd say that on practically any run, so far as the short-haul business is concerned, there is very little of it.

MR. FLINT: Now there is one more question, Mr. Anderson Do you have any idea how many passenger trains operated by the Atlantic Coast Line would show a revenue per mile of $4.00?

A I just don't know offhand, Mr. Flint.

MR. FLINT: Would there be any? Do you think there would be any?

A Gross revenue per mile of $4.00?

MR. FLINT: Sir?

A A gross per mile of $4.00?

MR. FLINT: Yes, sir. Gross revenue per mile of $4.00.

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A I just never have worked up any information on it. We have so many things trying to keep up.

CHAIRMAN McWHORTER: Mr. Anderson, this question of passenger service has been one that I imagine the railroads have given considerable thought to, trying to eliminate the losses on the passenger service?

A Yes, sir.

CHAIRMAN McWHORTER: Well, is there any prospects of you arriving at any solution to it? This operation is no different from mostof your others, is it?

A No, well, on those that are operating at a tremendous loss, there is nothing but probably one thing you could do about it after you put into effect everything you can think of to try to prevent them, and that is to discontinue the service. If the people don't ride the trains, why, then we shouldn't operate them. The theory of passenger business of years back, why, the railroads had practically a monopoly on the passenger business some years back; the days before buses, the days before automobiles, but those days are gone. There are about 38 million registered motor vehicles in this country.

CHAIRMAN McWHORTER: You think your competition is with private motor vehicles?

A And it is increasing every day, and buses too, sir.

CHAIRMAN McWHORTER: Your operating expenses, you don't think there is any chance to reduce your operating expenses on passenger trains? $25.00 a day is a right big price to pay a man to operate these -

A Mr. Chairman, of course you know this already, I mean there's no need for me to be telling you this, but you know what the advance has been in the operating costs of the railroads in, say, the past 3 to 4 years, even.

CHAIRMAN McWHORTER: Have you done anything to prevent them from

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going up?

A Well, we've done all that we could individually as a railroad, yes. And I don't know what you could do when they raise the price of steel, I don't know what one railroad could do individually or anybody else, they just raise it. Now, the stell industry, when they want to add $4.00 a ton to it, they issue a notice, but we can't do that kind of thing.

CHAIRMAN McWHORTER: I thought you all did. I thought all you had to do was notify the ICC that -

A Well, in 1947, Mr. Chairman, about the close of April, we had $2,900,000. net railway operating income earned, and you know what happened in 1947 when the big wage adjustments were made and it wasn't until October 6th, I think it was, when they adjusted the rates, and we ended up the year with $2,019,642. We dropped $9,000. in the latter part of the year. We were just going down. Of course prices of material went up hight.

MR. CONGER: Mr. Chairman, I have just one more question.

Q Mr. Anderson, this morning I asked you, or right after lunch, if your revenue as shown by exhibits, particularly as applied to express, was based on the actual money brought in by these two trains and you answered yes. Now, just a few seconds ago you told Mr. Flint that it was based on an over-all average multiplied by the number of miles these trains ran.

A Well, based on the actual feet occupied in those particular trains, yes.

Q Well, is this worked out by another formula or is this the actual amount of money these two trains brought in in the nature of express?

A There isn't - the express revenue isn't allocated to a particular train. It is allocated to the car-foot miles. And the actual number of car-foot miles in that train got its proportion of it.

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Q Then this figure of $19,000. could actually be higher than this $19,000., couldn't it?

A I don't think so.

Q But it could be?

A I don't see how it could be. Let me just make this statement for your information, sir. The Railway Express Agency does not work out its revenues on the basis of individual shipments or individual trains. In fact, they don't keep that detailed record and there is a reason why they don't do it. Back there some 12 or 13 years ago they discontinued that practice because it was costing them more to work up the statistical data than practically the express revenues were. And if they were doing that today railroads wouldn't collect 5¢ from the Railway Express Agency, so they discontinued the practice. Now that's the only reason why we are getting anything out of the Express Company.

VICE-CHAIRMAN KNIGHT: If I understand it correctly, the Express Company pays the railroad for certain specified space. Now do they pay that charge, irrespective of whether they use it or not?

A No, they don't pay a specified sum. They pay you on the - if the Railway Express Agency within the region has any revenue left, after they deduct expenses, then they allocate that revenue to all the railroads within that region based on the number of car-foot miles that are operated. Now, if they come out with a deficit then they pay you nothing.

VICE-CHAIRMAN KNIGHT: You didn't get my question. In other words, on Trains 57 and 58 is set aside so much space to the Express Company?

A That's right, sir.

VICE-CHAIRMAN KNIGHT: They pay you for that space, not for the number of packages they put in that space, but they pay you for that space?

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A That's right, sir.

VICE-CHAIRMAN KNIGHT: And the railroads receive that such compensation for that particular space?

A Only if the Railway Express Company comes out with an earning.

VICE-CHAIRMAN KNIGHT: I understand that, but if they use more than that space, then they give you additional price for the extra space they do use?

A The actual effect that it has, it increases the number of car-foot miles, which of course would increase your revenue. But the Express Company now, the space in the express cars are regulated, adjusted, increased or decreased, by the Express Agency.

CHAIRMAN McWHORTER: Any further questions?

JUDGE DOUGLAS: There is just one question that I would like to ask.

Q Did I understand, Mr. Anderson, that if Trains 57 and 58 are discontinued, the service that you are petitioning to be discontinued is discontinued, that you estimate that you would still lose $66,560? Is that - did I understand you correctly on that?

A I don't quite get the point, sir.

Q Well, you gave an estimate this morning -

A Oh, you mean on the curtailed base?

Q Yes.

A Oh, I see what you mean.

Q If it were curtailed, now, we will say -

A Yes, sir, that's right, sir.

JUDGE DOUGLAS:..You would still lose, you estimated that there would be a loss of $66,560?

A That's right, sir.

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Q Well, then it's just a question of the amount of loss? You still would be losing money if you are allowed to discontinue this service, is that correct?

A That is true, sir.

Q Well, then, I would like to ask: Is this petition just an opening wedge to come back at this Commission next year, if they should grant it, to take all these trains off?

A I couldn't say that it is, sir. No, sir.

MR. CONGER:

Q Could you say that it isn't?

A It is not contemplated. We don't know what we are going to do. Applications on trains depends on conditions. Certainly this is not in any plan to manipulate the train or do anything with it. It is an effort to cut our losses by several hundred or thousands of dollars. That's what it is.

Q Are you familiar with the hearing that you had on the trains running between Brunswick and Atlanta in which you agreed to have a turn-around service at Nichols, Georgia?

A I didn't take part in it, sir.

Q You didn't take part in that?

A No, sir.

CHAIRMAN McWHORTER: Any further questions?

MR. PEDRICK: Mr. Chairman, I would like to clear up just a few little matters here.

CHAIRMAN McWHORTER: All right, sir.

REDIRECT EXAMINATION

MR. PEDRICK:

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Q Mr. Anderson, there was considerable discussion about a percentage of savings that could be made by the use of Diesel locomotives on these trains. You did say that there would be some savings with respect to fuel, approximately one-third?

A That's right.

Q You couldn't definitely say what the saving would be on maintenance and lubrication specifically?

A That's right.

Q But there would be no way to say what percentage of saving over all of these expenses would be made by Dieselization? For instance, if you save on fuel you save nothing on wages, do you?

A No, sir.

Q As a matter of fact, I believe you said that the engineer got a higher pay on a Diesel locomotive than on a steam, did you not?

A And also the firemen.

Q So there would be no way to determine the percentage of overall expense by Diesel operation?

A No, sir.

Q It would be merely in the matter of fuel and maintenance and perhaps lubrication?

A That is right.

Q Do you know, Mr. Anderson, the comparative cost between a steam locomotive and a Diesel?

A Well, the costs are tremendously different. The 2,000 horsepower locomotive used on Trains 57 and 58 costs us right at $180,000.

Q That's a Diesel?

A Diesel Locomotives. yes, sir. The steam engines that we were using

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on there, the 16 and 17 hundreds will run you about $55,000. That is what they cost us.

Q So in the matter of fixed charges and investment expense, that would be increased in a Diesel operation, would it not?

A Oh, tremendously so.

Q So where you have a saving in one instance you may have an increase in cost in another?

A Yes, and as I said, I think its too early in the day before you can work up an actual figure and say what your saving is - after all, you still have a new machine.

CHAIRMAN McWHORTER: What do you charge depreciation on your locomotives, steam locomotives?

A 3%, sir.

CHAIRMAN McWHORTER: Well, what do you charge on Diesels?

A Diesels? 5.83, and those rates are fixed by the Interstate Commerce Commission.

CHAIRMAN McWHORTER: I knew they were but I didn't know what they were.

MR. PEDRICK:

Q You were asked, Mr. Anderson, about train supplies and expense, and maybe it was facetious, but there was some suggestion made that that covered only paper cups and toilet paper. Is it not a fact that included in train supplies and expense would be all types of supplies that go into the operation of a passenger car, such as fusees, torpedoes and flags, ice, water, inspection services, and the waste in the journal boxes - its a service to passenger cars?

A Yes, that's right.

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Q I mean passenger trains. That supplies covers the entire maintenance of, and supplying of passenger equipment?

A That is true, sir.

Q At the opening of the cross examination you were questioned about the dividend that the Atlantic Coast Line could pay and you referred to the fact that it was able to pay dividends on its common stock because of its investment in certain stock of the L&N Railroad?

A Yes, sir.

Q Do you know the percentage of the L&N stock that the Coast Line owns?

A Yes, sir.

Q Isn't it less than 50%?

A 35.2.

Q So the Coast Line is not the majority owner of the L&N Railroad?

A Not by any means.

Q The Atlantic Coast Line purely has an investment in that stock?

A It has an investment in the stock just like anyone else would have an investment in a corporation. It might buy it on the New York Stock Exchange.

Q It doesn't operate the L&N Railroad as a part of the Atlantic Coast Line System?

A It does not operate it at all anywhere or anything.

Q I would like to get one thing clear about this number of passengers now that you wanted. That basis that I suggested, is that satisfactory?

MR. FLINT: Yes, sir, that's satisfactory, and we understand the infirmities.

MR. CONGER: It depends on what formula you are going to use before

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I can say its satisfactory.

A The formula is going to be based on the actual number of persons that rode the train, that's the formula.

MR. CONGER: If you give us that sir, we will be perfectly satisfied.

A That's exactly what its going to be.

MR. CONGER: All right.

CHAIRMAN McWHORTER: No further questions for this witness?

MR. PEDRICK: I think that's all I have.

CHAIRMAN McWHORTER: You are excused, sir.

MR. CONGER: Now, if your Honor please, sir, we want the right to re-cross examine him after they furnish us the 1949 figures, if it becomes necessary.

CHAIRMAN McWHORTER: You mean further figures for 1949?

MR. CONGER: Yes, sir, the Dieselized figures.

Would it be proper or correct, or could it be advanced with consent of Counsel, sir, that at this time we put on the stand some of our witnesses for this reason; One of our parties became ill and he is riding in a car with four others; and he feels that because of his illness he must return to Bainbridge tonight, and there is at least one man that we would like very much to put on the stand today. Now I realize it is a little unusual, Mr. Pedrick, to do that, but -

CHAIRMAN McWHORTER: Is that agreeable with you, Mr. Pedrick?

MR. PEDRICK: Mr. Chairman, I want to do anything that would assist Counsel. I would be glad to do that.

MR. CONGER: Well, it begins to look as though we are not going to finish today, sir, and as I say, they all came together and all have to go back together and this man is ill.

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MR. PEDRICK: I would do that with the understanding that we don't have any idea of adjourning until we get our evidence in shape. It will be all right with us to -

CHAIRMAN McWHORTER: Well, now it -

MR. PEDRICK ... accomodate the gentlemen.

CHAIRMAN McWHORTER: I have approached with the thought that the protestants might desire to, after you got in your testimony, to ask for a recess of the hearing to give an opportunity to further study your figures that were put in this morning.

MR. CONGER: That's right, sir.

CHAIRMAN McWHORTER: And I had hoped maybe we could get in most of your case today and then if it appears feasible and proper that we might recess the case and give them an opportunity to study the figures that were presented here this morning. Now, however, I see no reason why we couldn't hear from at least your one witness.

MR. CONGER: Well, if you think that our application for recess might be received favorably we will let them go ahead and proceed and then maybe wind up all of it tonight until some later date and then this man may have recovered his health and he can come back.

CHAIRMAN McWHORTER: How much more testimony do you have to put in, Mr. Pedrick?

MR. PEDRICK: Well, I have planned on using only two more witnesses except that I was not - I might have to put in some rebuttal, but two witnesses in the main are all that I contemplated, but, Mr. Chairman, I - it would occur to me that we ought to hear all of the matter now, at this sitting I mean, rather than recess -

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COMMISSIONERS
L. M. WHORTER, CHAIRMAN
BYT KNIGHT, VICE CHAIRMAN
N CHAPPELL
ER B. McDONALD
TIS A. PERRY

A. O. RANDALL
SECRETARY

Georgia Public Service Commission

Atlanta

EXHIBIT Y
VS
FEB - 6 1952

GEORGIA, FULTON COUNTY.

I, A. O. Randall, Secretary of the Georgia Public Service Commission, do hereby certify that the attached photostatic sheets are true and correct copies of the originals thereof and identified as Exhibits 1 through 41 in the transcript of the record in File 19470, Docket No. 9525-A - Application of Atlantic Coast Line Railroad Company for authority to discontinue operation of passenger Trains Nos. 57 and 58 between Savannah and the Georgia-Alabama State Line at a point near Saffold, the originals of which are on file with the Commission.

GIVEN UNDER MY HAND AND THE OFFICIAL SEAL OF THE GEORGIA PUBLIC SERVICE COMMISSION, this the 30th day of January, 1952.

A. O. Randall

FOLDOUTS TOO LARGE TO
BE FILMED

[illegible]

[illegible] and [illegible]

[illegible] - CALERA [illegible] 1948

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Revenue Per Train Mile (Cents)
Train [illegible] - [illegible], Alabama - [illegible] Miles Daily.							
Jan. 1948	31	12,710	[illegible]	[illegible]	$ [illegible]	$ 16,902.38	133.98
Feb. "	29	[illegible]	[illegible]	[illegible]	[illegible]	15,579.17	131.01
Mar. "	26	[illegible]	[illegible]	[illegible]	[illegible]	16,400.74	134.50
Apr. "	24	[illegible]	[illegible]	[illegible]	[illegible]	12,353.14	132.80
May "	31	12,710	[illegible]	[illegible]	[illegible]	16,958.81	133.43
June "	30	12,300	[illegible]	[illegible]	[illegible]	16,526.47	134.36
July "	31	12,710	12,783.30	[illegible]	[illegible]	18,959.64	149.19
Aug. "	31	12,710	13,038.79	[illegible]	[illegible]	18,741.72	147.46
Sept. "	30	12,300	[illegible]	[illegible]	[illegible]	17,563.68	142.80
Oct. "	31	12,710	[illegible]	[illegible]	[illegible]	15,729.72	123.76
Nov. "	30	12,300	[illegible]	[illegible]	[illegible]	15,788.43	128.36
Dec. "	31	[illegible]	[illegible]	[illegible]	[illegible]	22,630.43	178.08
Totals	355	[illegible]	[illegible]	$49,178.50	$56,053.58	$204,231.97	140.82
Train 58 - Montgomery, Alabama to Savannah, [illegible] - 410 Miles Daily.							
Jan. 1948	31	12,710	$ [illegible]	$ [illegible]	$ [illegible]	$ 17,912.95	140.94
Feb. "	29	11,890	7,837.52	3,888.92	4,640.74	16,167.18	135.97
Mar. "	26	10,660	[illegible]	[illegible]	[illegible]	16,430.90	154.14
Apr. "	24	[illegible]	[illegible]	[illegible]	[illegible]	13,313.53	128.26
May "	31	12,710	7,693.16	[illegible]	[illegible]	16,221.00	127.62
June "	30	12,300	[illegible]	[illegible]	[illegible]	17,834.29	140.12
July "	31	12,710	9,609.81	[illegible]	[illegible]	15,590.77	122.67
Aug. "	31	12,710	10,984.51	[illegible]	[illegible]	18,252.74	143.61
Sept. "	30	[illegible]	7,935.06	[illegible]	[illegible]	16,354.83	132.97
Oct. "	31	[illegible]	[illegible]	[illegible]	[illegible]	14,579.57	114.87
Nov. "	30	[illegible]	[illegible]	[illegible]	[illegible]	15,398.18	125.29
Dec. "	31	[illegible]	[illegible]	[illegible]	[illegible]	18,697.29	147.31
Totals	355	[illegible]	$ 96,[illegible]	[illegible]	$49,501.08	$195,173.23	134.38
Total Both Trains	710	[illegible]	$197,[illegible]	[illegible]	[illegible]	$399,404.80	137.60

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Exhibit No. 6
Witness [illegible]

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
57 AND 58 BETWEEN SAVANNAH, GEORGIA AND MONTGOMERY, ALABAMA

YEAR - JANUARY THROUGH DECEMBER, 1948

			Average Per [illegible]
REVENUES:			
Passenger	$197,484.72		[illegible]
Mail	98,365.42		[illegible]
Express	103,554.66		12.98
Total Revenue		$399,404.80	137.60
EXPENSES:			
DIRECT:			
Crew wages	$153,364.66		52.83
Fuel	192,421.00		66.29
Maintenance of [illegible]	101,485.17		34.96
Water	3,248.78		1.12
Lubricants	2,860.65		0.99
Other supplies for train [illegible]	692.40		0.24
Engineering expenses - Trains	16,304.09		5.61
Train supplies and expenses	36,974.35		12.81
Savannah Union Station expenses	9,723.23		3.35
Montgomery Passenger Station expenses	11,005.98		3.79
Use of passenger and express cars	134,611.75		46.37
Total Direct Expenses		$662,678.04	228.36
INDIRECT:			
Maintenance of Way & Structures	$139,720.58		48.15
Traffic	25,694.26		8.85
Transportation - Train mile	47,866.54		16.48
Transportation - Car mile	6,266.85		2.16
General	33,296.11		11.47
Total Indirect Expenses		$252,852.34	87.11
FIXED CHARGES:			
Interest on investment in locomotives	$ 10,722.23		3.70
Depreciation of locomotives	8,974.47		2.78
Total Fixed Charges		$ 19,776.70	6.48
Total All Expenses		$934,327.08	321.88
Less Revenues		$399,404.80	137.60
Loss - Calendar Year 1948		$534,922.28	184.28

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Exhibit No. 7
Witness

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 and 58 BETWEEN
SAVANNAH, GEORGIA, AND THOMASVILLE, GEORGIA - CALENDAR YEAR 1948

th	No. Trains	Train Miles	Revenue Passenger	Mail	Express	Total	Revenue Per Train Mile (Cents)
Train 57 - Savannah, Georgia to Thomasville, Georgia - 200 Miles Daily.							
1948	31	6,200	$ 3,923.42	$ 1,362.53	$ 2,434.07	$ 8,219.72	132.58
"	29	5,800	3,431.13	1,736.46	2,300.96	7,468.55	128.77
"	26	5,200	3,294.52	1,524.81	2,992.01	7,811.34	150.22
"	24	4,714	2,735.43	1,335.85	2,230.40	6,301.68	133.68
"	31	6,200	4,608.26	1,894.69	2,180.94	8,683.89	140.06
"	30	6,000	4,797.73	1,815.81	1,755.75	8,369.29	139.49
"	31	6,200	6,242.06	1,842.04	932.21	9,016.31	145.42
"	31	6,200	6,077.79	1,716.59	1,692.48	9,486.86	153.01
"	30	6,000	4,994.97	1,714.41	2,213.65	8,923.03	148.72
"	31	5,200	4,439.22	1,781.90	1,868.53	8,089.65	130.48
"	30	6,000	4,252.29	1,820.18	1,875.21	7,947.68	132.46
"	31	6,200	7,388.11	2,014.20	2,870.55	12,272.86	197.95
Totals	355	70,914	$56,184.63	$21,059.47	$25,346.76	$102,590.86	144.67
Train 58 - Thomasville, Georgia to Savannah, Georgia - 200 Miles Daily.							
1948	31	6,200	$ 5,226.25	$ 1,860.85	$ 2,058.69	$ 9,145.79	147.51
"	29	5,800	4,217.35	1,790.80	1,948.60	7,956.75	137.70
"	26	5,200	3,436.30	1,486.51	2,530.58	7,453.39	143.33
"	24	4,714	3,334.01	1,321.29	1,838.83	6,544.13	138.82
"	31	6,200	5,407.76	1,890.28	1,757.78	9,055.82	146.06
"	30	6,000	5,879.07	1,806.99	1,373.22	9,059.28	150.99
"	31	6,200	6,077.73	1,839.85	736.94	8,654.42	139.99
"	31	6,200	6,139.85	1,712.71	1,361.67	9,214.23	148.62
"	30	6,000	5,519.54	1,706.12	1,783.15	9,008.81	150.15
"	31	6,200	4,110.22	1,801.38	1,514.65	7,426.25	119.78
"	30	6,000	4,355.14	1,791.74	1,522.01	7,668.89	127.81
"	31	6,200	5,901.42	2,018.28	2,310.06	10,229.76	164.99
Totals	355	70,914	$59,604.64	$20,986.80	$20,786.10	$101,377.54	142.97
Trains	710	141,828	$115,789.27	$42,046.27	$46,132.86	$203,968.40	143.82

POOR COPY

Exhibit No. 8
Witness

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
57 AND 58 BETWEEN SAVANNAH, GEORGIA, AND THOMASVILLE, GEORGIA

YEAR - JANUARY THROUGH DECEMBER, 1948

			Average Per Train Mile (Cents)
REVENUES:			
Passenger	$115,789.27		81.64
Mail	42,046.27		29.65
Express	46,132.86		32.53
Total revenues		$203,968.40	143.82
EXPENSES:			
DIRECT:			
Crew wages	$ 79,116.78		55.78
Fuel	114,632.70		80.83
Maintenance of locomotives	49,985.08		35.24
Water	1,619.70		01.14
Lubricants	1,274.60		.90
Other supplies for train locomotives	322.71		.23
Enginehouse expenses - Train	7,173.26		05.06
Train supplies and expenses	17,744.60		12.51
Savannah Station expense	9,723.25		06.86
Use of passenger and express cars	64,288.96		45.33
Total Direct Expenses		$345,881.64	243.88
INDIRECT:			
Maintenance of Way and Structures	$ 67,068.61		47.29
Traffic	12,331.20		8.69
Transportation - Train mile	23,385.78		16.49
Transportation - Car mile	3,007.57		2.12
General	16,267.70		11.47
Total Indirect Expenses		$122,060.86	86.06
FIXED CHARGES:			
Interest on investment in locomotives	$ 5,605.94		3.95
Depreciation of locomotives	3,907.83		2.76
Total Fixed Charges		$ 9,513.77	6.71
Total All Expenses		$477,456.27	336.65
Less Revenues		$203,968.40	143.82
Loss - Calendar Year 1948		$273,487.87	192.83

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EXHIBIT 9

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 and 58 BETWEEN
THOMASVILLE, GEORGIA, AND MONTGOMERY, ALABAMA - CALENDAR YEAR 1952

	No. Trains	Train Miles	Revenues Passenger	Mail	Express	Total	Revenue Per Train Mile (Cents)
Train 57 - Thomasville, Georgia to Montgomery, Alabama - 210 Miles daily.							
Sept	31	6,510	$ 3,550.81	$ 2,287.61	$ 2,844.24	$ 8,682.66	133.37
"	29	6,090	3,278.36	2,138.12	2,692.14	8,108.62	133.15
"	26	5,460	3,157.37	2,004.84	2,496.19	7,658.40	140.28
"	23	4,811	1,722.92	1,749.15	2,609.99	6,081.66	126.39
"	31	6,510	3,395.14	2,451.26	2,428.52	8,274.92	127.11
"	30	6,300	3,944.10	2,315.88	1,897.20	8,157.18	129.48
"	31	6,510	6,547.12	2,388.79	1,007.52	9,943.23	152.74
"	31	6,510	4,961.00	2,412.98	1,881.27	9,254.85	142.16
"	30	6,300	3,710.30	2,466.96	2,463.56	8,640.80	137.16
"	31	6,510	2,888.22	2,659.24	2,092.61	7,640.07	117.36
"	30	6,300	3,151.84	2,586.27	2,102.64	7,840.75	124.46
"	31	6,510	4,507.26	2,658.77	1,191.54	10,357.57	159.10
Totals	354	74,121	$44,814.44	$28,119.43	$28,786.82	$101,640.72	137.13
Train 58 - Montgomery, Alabama to Thomasville, Georgia - 210 Miles daily.							
Sept	31	6,510	$ 3,635.31	$ 2,287.61	$ 2,844.24	$ 8,767.16	134.67
"	29	6,090	3,420.17	2,138.12	2,692.14	8,250.43	135.48
"	26	5,460	3,470.36	2,010.96	3,496.19	8,977.51	164.42
"	24	4,812	1,336.51	1,823.28	2,609.99	5,769.78	119.90
"	31	6,510	2,285.40	2,451.26	2,428.52	7,165.18	110.06
"	30	6,300	3,961.93	2,315.88	1,897.20	8,175.01	129.76
"	31	6,510	3,532.08	2,388.79	1,015.48	6,936.35	106.55
"	31	6,510	4,744.66	2,412.58	1,881.27	9,038.51	138.84
"	30	6,300	2,415.52	2,466.94	2,463.56	7,346.02	116.60
"	31	6,510	2,421.47	2,659.24	2,092.61	7,173.32	110.19
"	30	6,300	3,040.38	2,586.27	2,102.64	7,729.29	122.68
"	31	6,510	2,617.22	2,658.77	1,191.54	6,467.53	99.38
Totals	355	74,322	$36,881.01	$28,199.70	$28,714.98	$ 93,795.69	126.20
Trains	709	148,443	$81,695.45	$56,319.15	$57,421.80	$195,436.40	131.66

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Exhibit No. 18
Witness

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
57 AND 58 BETWEEN MONTGOMERY, ALABAMA AND THOMASVILLE, GEORGIA

YEAR - JANUARY THROUGH DECEMBER, 1948

			Average Per Train Mile (Cents)
REVENUES:			
Passenger	$ 81,695.45		55.04
Mail	56,319.15		37.94
Express	57,421.80		38.68
Total revenues		$195,436.40	131.66
EXPENSES:			
DIRECT:			
Crew Wages	$ 74,247.88		50.02
Fuel	77,788.30		52.40
Maintenance of locomotives	51,480.09		34.68
Water	1,629.03		1.10
Lubricants	1,586.05		1.07
Other supplies for train locomotives	369.69		0.25
Enginehouse expenses - Train	9,132.83		6.15
Train supplies and expenses	19,229.75		12.96
Montgomery Passenger Station expense	11,005.98		7.41
Use of passenger and express cars	70,326.80		47.38
Total direct expenses		$316,796.40	213.42
INDIRECT:			
Maintenance of Way and Structures	$ 72,681.97		48.96
Traffic	13,363.06		9.00
Transportation - Train Mile	24,460.76		16.48
Transportation - Car mile	3,259.28		2.20
General	17,026.41		11.47
Total indirect expenses		$130,791.48	88.11
FIXED CHARGES:			
Interest on investment in locomotives	$ 5,116.29		3.45
Depreciation of locomotives	4,166.64		2.80
Total fixed charges		$ 9,282.93	6.25
Total All Expenses		$456,870.81	307.78
Less Revenues		$195,436.40	131.66
Loss - Calendar Year 1948		$261,434.41	176.19

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BLEED THROUGH

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Exhibit No. 11
Witness A. [illegible]

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS 57 AND 58 BETWEEN THOMASVILLE, GEORGIA AND MONTGOMERY, ALABAMA, HANDLED BETWEEN STATE OF GEORGIA AND STATE OF ALABAMA

CALENDAR YEAR 1948

Number of Miles, Thomasville to Montgomery — 210
Number of Miles in Georgia (32.45) — 68
Number of Miles in Alabama (67.46) — 142
— 210

	Total	Georgia (32.45)	Alabama (67.46)
REVENUE			
Passenger	$ 81,695.45	$ 26,469.33	$ 55,226.12
Mail	96,319.15	18,247.40	78,071.75
Express	17,421.80	18,604.66	[illegible]
Total Revenue	$195,436.40	$ 63,321.39	$132,115.01
EXPENSES			
DIRECT			
Crew wages	$ 74,247.88	$ 24,056.31	$ [illegible]
Fuel	77,788.30	25,203.41	[illegible]
Maintenance of locomotives	51,480.09	16,679.55	[illegible]
Other	1,629.09	527.81	[illegible]
Lubricants	1,586.05	513.88	[illegible]
Other supplies for train locomotives	369.69	119.78	[illegible]
Enginehouse expenses - Train	9,132.83	2,999.04	[illegible]
Train supplies and expenses	19,229.75	6,230.43	[illegible]
Emergency passenger station expense	11,005.98	3,565.94	[illegible]
Use of passenger and express cars	79,326.80	22,781.88	[illegible]
Total Direct Expenses	$326,796.48	$102,642.01	[illegible]
INDIRECT			
Maintenance of Way and Structures	$ 72,681.97	$ 23,548.96	$ 49,133.01
Traffic	13,363.06	4,329.63	9,033.43
Transportation - Train Miles	24,460.76	7,925.29	16,535.47
Transportation - Car Miles	3,259.28	1,056.00	2,203.28
General	17,056.41	5,516.56	11,539.85
Total Indirect Expenses	$130,791.48	$ 42,376.44	$ 88,415.04
FIXED CHARGES			
Interest on investment in locomotives	$ 5,116.29	$ 1,657.68	$ 3,458.61
Depreciation of locomotives	4,166.64	1,349.99	2,816.65
Total Fixed Charges	$ 9,282.93	$ 3,007.67	$ 6,275.26
Total All Expenses	$456,870.81	$147,026.14	$308,844.67
Less Revenues	195,436.40	63,321.39	132,115.01
Loss - Calendar Year 1948	$261,434.41	$ 84,704.75	$176,729.66

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Exhibit No. 12

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 and 58 BETWEEN
SAVANNAH, GEORGIA, AND MONTGOMERY ALABAMA - FIRST SIX MONTHS 1949

	No. Trains	Train Miles	Revenues				Revenue Per Train Mile (Cents)
			Passenger	Mail	Express	Total	
Train 57 - Savannah, Georgia to Montgomery, Alabama - 410 Miles Daily.							
1949	31	12,710	$ 7,352.36	$ 4,313.10	$ 3,976.95	$ 15,642.41	123.07
	28	11,480	6,896.90	3,967.69	3,934.66	14,799.25	128.91
	31	12,710	5,948.15	4,396.27	4,859.64	15,204.06	119.65
	30	12,300	7,116.82	4,305.53	4,063.54	15,485.89	125.90
	31	12,710	6,408.71	4,342.23	3,322.74	14,073.68	110.73
	30	12,300	5,391.62	4,097.19	2,497.00	11,985.81	97.45
Totals	181	74,210	$ 39,127.56	$ 25,422.01	$ 22,645.53	$ 87,195.10	117.50
Train 58 - Montgomery, Alabama to Savannah, Georgia - 410 Miles Daily.							
1949	31	12,710	$ 7,725.88	$ 4,406.34	$ 3,621.65	$ 15,653.55	123.16
	28	11,480	5,227.43	3,958.62	3,576.12	12,762.37	111.17
	31	12,710	5,337.42	5,390.59	4,402.17	14,129.98	111.17
	30	12,300	5,803.20	4,299.65	3,702.63	13,805.48	112.24
	31	12,710	6,760.62	4,334.87	3,015.53	14,111.02	111.02
	30	12,300	7,147.66	4,091.31	2,371.00	13,609.97	110.65
Totals	181	74,210	$ 38,002.09	$ 25,381.18	$ 20,689.10	$ 84,072.37	113.29
Trains	362	148,420	$ 77,129.66	$ 50,803.19	$ 43,334.63	$171,267.47	115.39

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Exhibit No. /3
Witness

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
57 AND 58 BETWEEN SAVANNAH, GEORGIA AND MONTGOMERY, ALABAMA

JANUARY THROUGH JUNE, 1949

			Average Per Train Mile (Cents)
REVENUES:			
Passenger	$ 77,129.65		51.97
Mail	50,803.19		34.23
Express	43,334.61		29.19
Total Revenues		$ 171,267.47	115.39
EXPENSES:			
DIRECT:			
Crew Wages	$ 82,859.70		55.83
Fuel	46,798.74		37.13
Maintenance of Locomotives	46,544.32		31.36
Water	1,298.00		.87
Lubricants	1,539.75		1.04
Other supplies for train locos.	426.51		.29
Enginehouse expenses-Train	8,180.27		5.51
Train supplies and expenses	18,600.49		12.53
Savannah Union Station expense	4,891.64		3.30
Montgomery Passgr.Station expense	4,630.18		3.12
Use of passenger and express cars	63,381.20		42.64
Total Direct Expenses		$ 317,090.73	211.62
INDIRECT:			
Maintenance of Way and Structures	$ 74,361.92		50.10
Traffic	12,925.78		8.71
Transportation-Train mile	24,343.20		16.40
Transportation-Car mile	4,180.14		2.82
General	16,909.87		11.39
Total Indirect Expenses		$ 132,720.88	89.42
FIXED CHARGES:			
Interest on investment in locomotives	$ 6,279.30		4.23
Depreciation of locomotives	6,178.26		4.16
Total Fixed Charges		$ 12,457.56	8.39
Total All Expenses		$ 462,279.23	311.43
Less Revenues		171,267.47	115.39
Loss - January to June, 1949		$ 291,011.76	196.04

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Exhibit No. 24
Witness

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 AND 58 BETWEEN
SAVANNAH, GEORGIA, AND THOMASVILLE, GEORGIA - FIRST SIX MONTHS 1949

Month	No. Trains	Train Miles	Revenues				Revenue Per Train Mile (Cents)
			Passenger	Mail	Express	Total	
Train 57 - Savannah, Georgia to Thomasville, Georgia - 200 Miles Daily.							
Jan.1949	31	6,200	$ 4,271.26	$ 1,789.30	$ 1,875.99	$ 7,936.55	128.01
Feb. "	28	5,600	3,360.28	1,696.98	1,860.12	6,877.38	122.81
Mar. "	31	6,200	3,587.04	1,831.23	2,296.90	7,715.17	124.44
Apr. "	30	6,000	3,399.75	1,778.34	1,915.58	7,293.67	121.56
May "	31	6,200	3,670.12	1,804.49	1,573.40	7,048.01	113.68
June "	30	6,000	1,033.62	1,726.89	1,201.52	3,961.83	79.40
Totals	181	36,200	$21,324.07	$10,587.01	$10,723.51	$42,834.59	118.33
Train 58 - Thomasville, Georgia to Savannah, Georgia - 200 Miles Daily.							
Jan.1949	31	6,200	$ 3,047.28	$ 1,782.54	$ 1,520.70	$ 8,350.52	134.69
Feb. "	28	5,600	3,264.59	1,647.91	1,501.97	6,414.07	114.54
Mar. "	31	6,143	3,437.38	1,825.35	1,848.43	7,111.16	115.76
Apr. "	30	6,000	3,380.49	1,772.46	1,554.70	6,647.65	110.79
May "	31	6,200	3,829.98	1,797.13	1,266.19	6,892.90	111.18
June "	30	6,000	4,288.96	1,720.72	1,076.48	7,096.83	118.28
Totals	181	36,143	$21,198.88	$10,586.38	$ 8,768.07	$42,513.13	117.62
Total Both Trains	362	72,343	$44,722.95	$21,173.19	$19,491.58	$85,347.72	117.98

Exhibit No. 15
Witness

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
37 AND 38 BETWEEN SAVANNAH, GEORGIA AND THOMASVILLE, GEORGIA

SIX MONTHS - 1949
JANUARY THROUGH JUNE, 1949

			Average Per Train Mile (Cents)
REVENUE:			
Passenger	$ 44,722.95		61.77
Mail	21,133.19		29.19
Express	19,491.58		26.92
Total revenue		$ 85,347.72	117.88
EXPENSES:			
DIRECT:			
Crew Wages	$ 42,646.88		58.90
Fuel	53,377.92		73.73
Maintenance of Locomotives	23,302.21		32.19
Water	663.24		.92
Lubricants	630.58		.87
Other supplies for train locomotives	168.24		.23
Enginehouse expenses - Train	4,084.71		5.56
Train supplies and expenses	8,901.63		12.30
Savannah Union Station expense	4,891.44		6.76
Use of passenger and caboose cars	30,331.10		41.98
Total Direct Expense		$168,998.35	233.42
INDIRECT:			
Maintenance of Way and Structures	$ 35,512.46		49.05
Traffic	6,186.01		8.54
Transportation - Train mile	11,799.90		16.30
Transportation - Car mile	2,536.30		3.50
General	8,190.39		11.31
Total Indirect Expenses		$ 64,225.06	88.71
FIXED CHARGES:			
Interest on investment in locomotives	$ 3,080.70		4.26
Depreciation of locomotives	2,779.26		3.84
Total Fixed Charges		$ 5,859.96	8.10
Total All Expenses		$239,083.37	330.23
Less Revenues		85,347.72	117.88
Loss - Six Months 1949		$153,735.65	212.35

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 and 58 BETWEEN
THOMASVILLE, GEORGIA, AND MONTGOMERY, ALABAMA - FIRST SIX MONTHS 1949

Month	No. Trains	Train Miles	Revenues Passenger	Mail	Express	Total	Revenue Train Mile
Train 57 - Thomasville, Georgia to Montgomery, Alabama - 210 Miles Daily.							
Jan.1949	31	6,510	$ 3,081.10	$ 2,523.80	$ 2,100.96	$ 7,705.86	116.7
Feb. "	28	5,880	3,536.62	2,310.71	2,074.54	7,921.87	134.7
Mar. "	31	6,510	2,374.11	2,365.04	2,553.74	7,492.89	115.1
Apr. "	30	6,300	3,517.07	2,527.19	2,147.93	8,192.19	130.0
May "	31	6,510	2,738.59	2,537.74	1,749.34	7,025.67	107.9
June "	30	6,300	2,356.00	2,370.52	1,295.00	6,021.52	95.5
Totals	181	38,010	$ 17,603.49	$ 14,835.00	$ 11,921.51	$ 44,360.00	116.7
Train 58 - Montgomery, Alabama to Thomasville, Georgia - 210 Miles Daily.							
Jan. 1949	31	6,510	$ 2,678.28	$ 2,523.80	$ 2,100.96	$ 7,303.04	112.1
Feb. "	28	5,880	1,963.04	2,310.71	2,074.55	6,348.30	107.9
Mar. "	31	6,510	1,900.04	2,565.04	2,553.75	7,018.83	107.8
Apr. "	30	6,300	2,482.71	2,527.19	2,147.94	7,157.84	113.6
May "	31	6,510	2,931.04	2,537.74	1,749.34	7,218.12	110.8
June "	30	6,300	2,848.10	2,370.52	1,295.00	6,513.62	103.3
Totals	181	38,010	$ 14,803.21	$ 14,835.00	$ 11,921.54	$ 41,559.75	109.3
Total Both Trains	362	76,020	$ 32,406.70	$ 29,670.00	$ 23,843.05	$ 85,919.75	113.0

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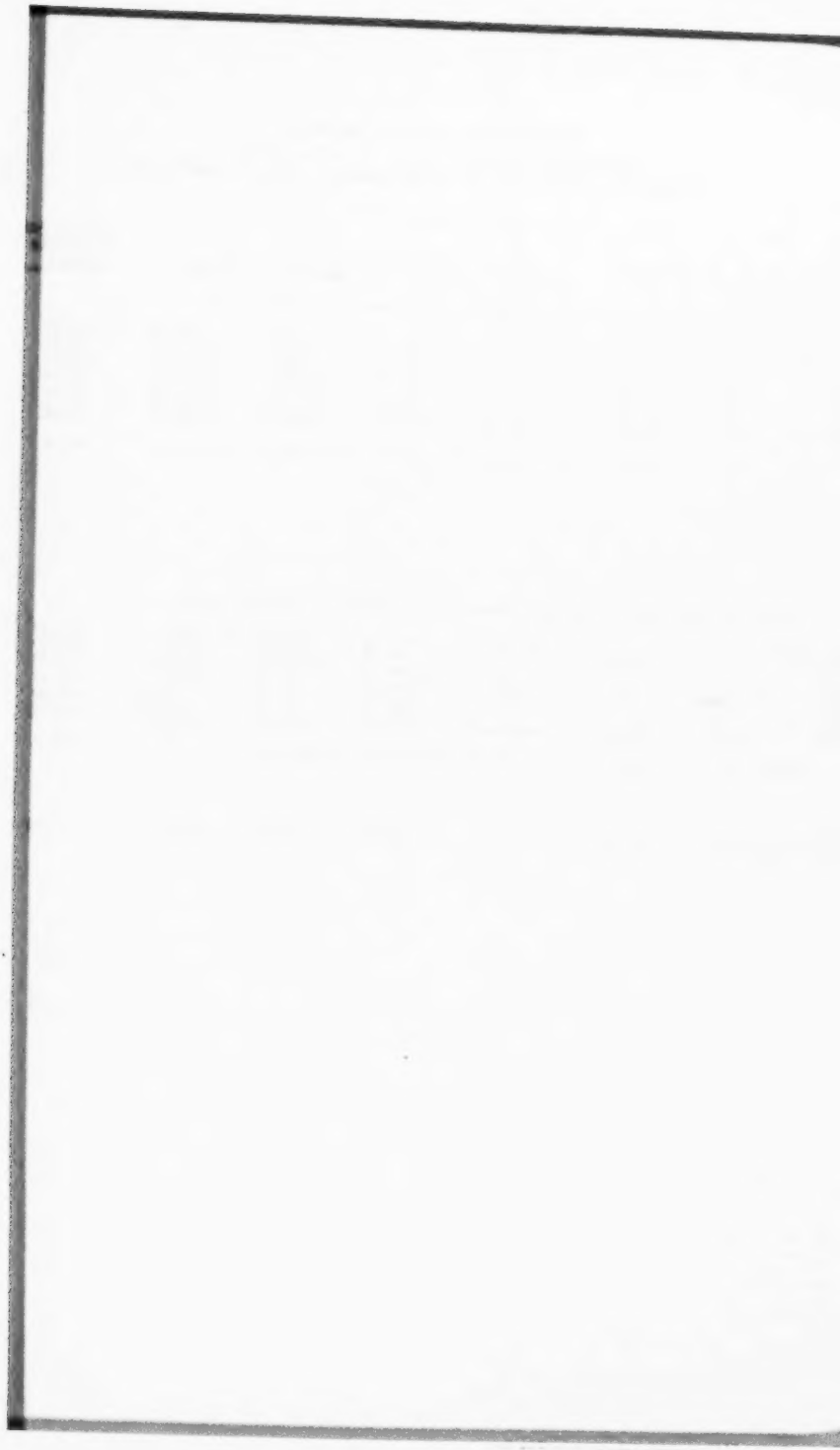

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Exhibit No. 17
Witness Andrews

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
57 and 58 BETWEEN THOMASVILLE, GEORGIA AND MONTGOMERY, ALABAMA

SIX MONTHS - 1949

JANUARY THROUGH JUNE, 1949

			Average Per Train Mile (Cents)
REVENUE:			
Passenger	$ 32,406.70		42.63
Mail	29,670.00		39.03
Express	23,843.05		31.36
Total revenue		$ 85,919.75	113.02
EXPENSE:			
DIRECT:			
Crew wages	$ 40,212.82		52.90
Fuel	31,720.82		41.33
Maintenance of locomotives	23,242.10		30.57
Water	634.76		.83
Lubricants	909.17		1.20
Other supplies for train locomotives	258.27		.34
Enginehouse expenses - Train	4,155.56		5.47
Train supplies and expenses	9,698.66		12.76
Montgomery Passenger Station expense	4,630.18		6.09
Use of passenger and express cars	32,890.10		43.26
Total Direct Expenses		$148,052.44	194.75
INDIRECT:			
Maintenance of Way and Structures	$ 38,849.43		51.10
Traffic	6,739.75		8.87
Transportation - Train mile	12,543.30		16.50
Transportation - Car mile	1,643.84		2.16
General	8,719.48		11.47
Total Indirect Expenses		$ 68,495.82	90.10
FIXED CHARGES:			
Interest on investment in locomotives	$ 3,198.60		4.21
Depreciation of locomotives	3,399.00		4.47
Total Fixed Charges		$ 6,597.60	8.68
Total All Expenses		$223,145.86	293.53
Less Revenues		$ 85,919.75	113.02
Loss - Six Months 1949		$137,226.11	180.51

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EXHIBIT No. 11

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATIONS OF TRAINS BY
AND SP, BETWEEN THOMASVILLE, GEORGIA AND MONTGOMERY, ALABAMA,
JOINED BETWEEN STATE OF GEORGIA AND STATE OF ALABAMA

SIX MONTHS - JANUARY THROUGH JUNE, 1949

Number of Miles, Thomasville to Montgomery
Number of Miles in Georgia (32.45)
Number of Miles in Alabama (67.65)

	Total	Georgia (32.45)	Alabama (67.65)
REVENUES:			
Passenger	$ 31,406.70	$ 10,499.77	$ 21,906.93
Mail	29,678.80	9,623.88	20,054.92
Express	23,849.85	7,725.14	16,117.93
Total Revenue	$ 85,935.75	$ 27,848.80	$ 58,086.78
EXPENSES:			
DIRECT			
Crew wages	$ 40,212.82	$ 13,028.95	$ 27,183.87
Fuel	31,420.82	10,180.35	21,240.47
Maintenance of locomotives	23,242.10	7,530.44	15,711.66
Water	634.76	205.66	429.10
Lubricants	909.17	294.57	614.60
Other supplies for train locomotives	258.27	83.68	174.59
Enginehouse expenses - Train	4,155.96	1,346.40	2,809.56
Train supplies and expenses	9,698.66	3,142.37	6,556.29
Montgomery passenger station expense	4,630.18	1,500.18	3,130.00
Use of passenger and express cars	32,890.10	10,656.38	22,233.72
Total Direct Expenses	$148,052.44	$ 47,968.99	$100,083.45
INDIRECT:			
Maintenance of Way and Structures	$ 38,849.45	$ 12,587.22	$ 26,262.23
Traffic	6,739.75	2,183.68	4,556.07
Transportation - Train Mile	12,543.30	4,064.03	8,479.27
Transportation - Car Mile	1,643.84	532.60	1,111.24
General	8,719.48	2,825.12	5,894.36
Total Indirect Expenses	$ 68,495.82	$ 22,192.65	$ 46,303.17
FIXED CHARGES:			
Interest on investment in locomotives	$ 3,198.60	$ 1,036.35	$ 2,162.25
Depreciation of locomotives	1,399.00	1,101.27	2,297.73
Total Fixed Charges	$ 6,597.60	$ 2,137.62	$ 4,459.98
Total All Expenses	$223,145.86	$ 72,299.26	$150,846.60
Less Revenues	85,919.75	27,838.00	58,081.75
Loss - Six Months 1949	$137,226.11	$ 44,461.26	$ 92,764.85

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[redacted]

ATLANTIC COAST LINE RAILROAD COMPANY

RECAPITULATION OF LOSS FROM OPERATION OF [redacted]
STATE OF GEORGIA

Calendar Year 1948

Loss: Savannah to Thomasville, Georgia, Exhibit No. [redacted]	[redacted]
Thomasville to Georgia State Line, Exhibit No. 11	[redacted]
Total for Year 1948	[redacted]

1st. Six months 1949

Loss: Savannah to Thomasville, Georgia, Exhibit No. 15	[redacted]
Thomasville to Georgia State Line Exhibit No. 11	[redacted]
Total loss 1st Six Months 1949	[redacted]
18 Months - January, 1948 through June, 1949	[redacted]

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PRESENT SCHEDULE STARTS 57-58
AND RUNS THRU SEPTEMBER 30, 1958
GEORGIA AND ALABAMA.

20

STATE OF GEORGIA

		122				121	
		6:35 AM		SAVANNAH		8:50 PM	
		6:45 PM		PORT WENTWORTH		8:34 PM	
		6:43 AM		SOUTH VIDALIA		8:32 PM	
		6:54 AM		SUBURBAN		8:28 PM	
		6:59 PM		MCRAE-HELENA HILL		8:20 PM	
		7:06 AM		DARIEN		8:34 PM	
		7:15 AM		GLENNVILLE		8:01 PM	
		7:24 AM		WEST GLENNVILLE		7:51 PM	
		7:35 PM		LEWISTON		7:42 PM	
		7:40 AM		DUCK CREEK		7:35 PM	
		7:45 AM		DOCTORTOWN		7:31 PM	
Ar.	JESUP	7:51 AM	Lv.	JESUP	Ar.	7:23 PM	
Lv.	JESUP	7:55 AM	Ar.	-------		-------	
		8:04 AM		SCRANTON		7:15 PM	
		8:11 AM		SCREVEN		7:7 PM	
		8:22 AM		OFFERMAN		7:4 PM	
		8:27 AM		PATTERSON		6:53 PM	
		8:32 AM		DEAN		6:48 PM	
		8:37 AM		PLATTSMOUTH		6:43 PM	
		8:46 AM		HAMPTON		6:37 PM	
		8:57 AM	Lv.			6:22 PM	
		9:07 AM	Ar.			6:12 PM	
		9:12 AM				6:02 PM	
		9:23 AM				5:52 PM	
		9:37 AM				5:39 PM	
		9:47 AM				5:44 PM	
		9:59 AM				5:33 PM	
		10:07 AM				5:27 PM	
		10:15 AM				5:23 PM	
		10:29 AM				5:17 PM	
		10:36 AM				5:11 PM	
		10:44 AM				5:4 PM	
		-------				4:57 PM	
		11:00 AM	Lv.			4:37 PM	
		11:10 AM	Ar.			-------	
		11:22 AM				4:29 PM	
		11:32 AM				4:23 PM	
		11:47 AM				4:08 PM	
		11:57 AM				4:06 PM	
		12:07 PM				3:58 PM	
		12:20 PM				3:48 PM	
Ar.		12:31 PM	Lv.			3:40 PM	
Lv.		12:37 PM	Ar.			3:20 PM	
		12:43 PM				3:04 PM	
		12:49 PM				2:48 PM	

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57					58
f2:28 AM			WHIGHAM		f1:40 AM
.....		Ar.	CLIMAX	Lv.	1:26 AM
s2:37 AM		Lv.	CLIMAX	Ar.	e1:22 AM
s2:54 AM			BAINBRIDGE		s1:06 AM
3:03 AM			WEST BAINBRIDGE		1:01 AM
3:08 AM			HANOVER		12:55 AM
3:17 AM			BRINSON		f12:48 AM
f3:23 AM			IRON CITY		f12:41 AM
s3:29 AM			DONALSONVILLE		s12:33 AM
3:36 AM			JAKIN		f12:22 AM

STATE OF ALABAMA

3:44 AM			ALAGA		12:11 AM
f3:49 AM			GORDON		f12:06 AM
3:56 AM			PANSEY		11:58 PM
f4:03 AM			ASHFORD		f11:52 PM
4:09 AM			COWARTS		11:47 PM
s4:20 AM		Ar.	DOTHAN	Lv.	11:38 PM
4:30 AM		Lv.	DOTHAN	Ar.	s11:28 PM
4:39 AM			GRIMES		11:18 PM
4:44 AM			MIDLAND CITY		11:13 PM
4:49 AM			PINCKARD		11:08 PM
4:58 AM			WATERFORD		11:00 PM
5:08 AM			EWELL		10:53 PM
e5:14 AM			OZARK		s10:44 PM
5:26 AM			DILLARD		10:33 PM
f5:34 AM			ARITON		f10:24 PM
f5:42 AM			TENNILLE		f10:11 PM
s5:55 AM			BRUNDIDGE		s10:00 PM
f6:07 AM			BANKS		f9:50 PM
6:17 AM			CORCORAN		9:40 PM
s6:21 AM			TROY		s9:30 PM
6:25 AM			WEST TROY		9:27 PM
6:34 AM			YOUNGBLOOD		9:18 PM
6:44 AM			OLUSTEE		9:08 PM
f6:53 AM			GRADY		f8:58 PM
f7:00 AM			RAMER		f8:50 PM
f7:09 AM			SPRAGUE		8:38 PM
7:16 AM			THARIN		8:31 PM
7:22 AM			SNOWDOUN		8:27 PM
7:28 AM			WILEY		8:22 PM
7:38 AM			DAY ST. YARD		8:15 PM
s7:45 AM			MONTGOMERY		8:10 PM

FFICE OF -
uperintendant Transportation,
acksonville, Florida,
anuary 4, 1950

No. 57 operates from Savannah Mondays, Wednesdays and Fridays.
No. 58 operates from Montgomery Tuesdays, Thursdays and Saturdays.

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[redacted]

[redacted]

[redacted]

[redacted]		[redacted]		[redacted]	
7:25	PM	CANARAN		8:10	AM
7:32	PM	LOWER ZOAR		8:21	AM
7:35	PM	UPPER ZOAR		8:43	AM
7:42	PM	LUDLOW		8:40	AM
7:48	PM	FITZHUGH MILL		8:52	AM
7:54	PM	DANIEL		8:55	AM
8:09	PM	MILTON		9:02	AM
8:19	PM	EAST HOOKSVILLE		9:20	AM
8:29	PM	LUDOWICI		9:30	AM
8:38	PM	RACE [redacted]		9:42	AM
8:42	PM	DORCHESTER		9:48	AM
8:48	PM	[redacted]	Lv.	9:55	AM
8:58	PM	[redacted]	Ar.	------	
9:12	PM	[redacted]		7:05	AM
9:22	PM	[redacted]		7:20	AM
9:38	PM	GRIFFIN		7:40	AM
9:48	PM	PATTERSON		7:50	AM
9:55	PM	ORR		8:00	AM
10:09	PM	BLACKSHEAR		8:15	AM
10:05	PM	HOMESTEAD		8:25	AM
10:20	PM	Ar. WAYCROSS	Lv.	8:05	AM
11:00	PM	Lv. WAYCROSS	Ar.	9:25	AM
11:05	PM	WEST WAYCROSS		9:17	AM
11:12	PM	HEATH		9:10	AM
11:19	PM	GLAMORE		9:02	AM
11:25	PM	MANOR		8:58	AM
11:29	PM	ARNOLD		8:51	AM
11:37	PM	SUMMERVILLE		8:43	AM
11:42	PM	DUTTON		8:35	AM
11:49	PM	DUPONT		8:27	AM
11:59	PM	STOCKTON		8:15	AM
12:07	AM	BAYLOR		8:08	AM
12:14	AM	ELMER		8:00	AM
12:23	AM	Ar. VALDOSTA	Lv.	7:45	AM
12:28	AM	Lv. VALDOSTA	Ar.	------	
12:33	AM	WEST VALDOSTA		7:32	AM
12:39	AM	KINDERLOU		7:23	AM
12:44	AM	OSBURN		7:15	AM
12:53	AM	QUITMAN		7:07	AM
1:04	AM	DIXIE		6:56	AM
1:09	AM	PIDCOCK		6:50	AM
1:16	AM	BOSTWICK		6:42	AM
1:23	AM	MILLAR		6:35	AM
1:40	AM	Ar. THOMASVILLE	Lv.	6:17	AM
1:55	AM	Lv. THOMASVILLE	Ar.	6:20	AM
2:01	AM	PINE PARK		6:08	AM
2:16	AM	CAIRO		5:52	AM

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BUS SCHEDULES AND CONNECTIONS - SAVANNAH, GA. TO MONTGOMERY, ALA.

NOTES: 10:00 - PM (underscored) MTr - Modern Trailways
10:00 - AM's CpM - Capitol Motor Lines
AGL - Atlantic Greyhound Lines f - flag stop
SCL - Service Coach Line xx - does not operate via station indicated

WEST BOUND - READ DOWN							EAST BOUND - READ UP				
	D	C	B	A			A	B	C	D	E
SCL	SCL	AGL	AGL	SCL							
4:05	3:39	1:55	9:15	7:15	lv	Savannah ar	12:34	2:30	8:19	10:17	10:53
4:35	4:08	2:25	9:45	7:47		Richmond Hill	12:04	2:00	7:49	9:45	f
4:54	4:27	2:44	10:04	8:05		Midway	11:45	1:38	7:30	9:25	10:03
f	4:34	f	f	8:15		McIntosh	f	1:34	f	9:19	f
f	4:39	f	f	8:20		Fleming	f	1:29	f	9:14	f
5:14	4:42	3:04	10:23	8:24		Pinesville	11:25	1:25	7:10	9:10	9:45
5:24	f	3:14	10:33	f		Walthourville	11:15	f	7:00	f	f
5:38	5:00	3:43	10:55	8:45		Ludowici	11:01	1:02	6:46	8:47	9:25
5:58	5:20	4:03	11:15	9:15		Jesup	10:41	12:40	6:26	8:25	8:55
xx	6:15	4:45	xx	10:00		Nahunta	xx	11:39	xx	7:35	8:14
xx	xx	6:33	xx	xx		Jacksonville	xx	xx	xx	xx	6:30
6:20	xx	xx	11:37	xx		Screven	10:19	xx	6:04	xx	xx
f	xx	xx	f	xx		Offerman	f	xx	f	xx	xx
6:37	xx	xx	11:53	xx		Patterson	10:02	xx	5:47	xx	xx
6:52	xx	xx	12:08	xx		Blackshear	9:47	xx	5:32	xx	xx
7:10	6:50	xx	12:25	10:35	ar	Waycross lv	9:30	11:00	5:15	7:00	xx
							AGL	SCL	AGL	SCL	AGL
			2:49		ar	Jacksonville lv					
	3:15	2:45	12:45	6:30	lv	Jacksonville ar		1:40	5:45	8:50	12:35
	MTr	MTr	MTr	MTr							
	7:35	6:45	3:00	11:00	lv	Waycross ar		10:25	2:30	6:20	9:55
	7:47	6:56	3:12	11:12		Ruskin		10:13	2:18	6:08	9:43
	8:01	7:10	3:26	11:26		Manor		9:59	2:04	5:54	9:29
	8:10	7:19	3:36	11:36		Argyle		9:49	1:54	5:44	9:19
	8:21	7:29	3:46	11:46		Homerville		9:39	1:44	5:34	9:07
	8:36	7:43	4:01	12:01		Dupont		9:24	1:29	5:19	8:54
	8:50	7:57	4:15	12:15		Stockton		9:10	1:15	5:05	8:40
	8:58	8:05	4:23	12:23		Naylor		9:02	1:07	4:57	8:32
	9:25	8:30	4:55	12:55		Valdosta		8:40	12:45	4:35	8:10
	9:53	8:58	5:23	1:23		Quitman		8:05	12:10	4:00	7:35
	10:06	9:11	5:36	1:36		Dixie		7:52	11:57	3:47	7:22
	10:21	9:26	5:51	1:51		Boston		7:37	11:42	3:32	7:07
	10:43	9:48	6:13	2:13	ar	Thomasville lv		7:15	11:20	3:10	6:45
	1:05	10:45	7:10	3:20	ar	Tallahassee lv		6:15	9:00	2:15	5:30
MTr											
6:15	4:30	9:00	5:30	2:15	lv	Tallahassee ar	10:15	1:06	10:45		7:10
8:40	xx	11:30	6:45	3:00	lv	Thomasville ar	9:22	xx	9:39	2:43	6:13
9:07	xx	11:57	7:12	3:27		Cairo	8:56	xx	9:12	2:17	5:46
9:21	xx	12:12	7:27	3:41		Whigham	8:42	xx	8:57	2:03	5:32
9:33	xx	12:24	7:39	3:53		Climax	8:30	xx	8:45	1:51	5:20
9:50	5:45	12:39	8:00	4:10		Bainbridge	8:15	12:03	8:30	1:36	5:05
10:08	6:03		8:18	4:28		Brinson Jct.	7:22	11:47	MTr	1:12	4:42
10:18	6:13		8:28	4:38		Iron City	7:12	11:37		1:02	4:32
10:25	6:20		8:35	4:45		Donalsonville	7:05	11:31		12:55	4:25
10:37	6:32		8:47	4:57		Jakin	6:53	11:20		12:43	4:13
10:43	6:38		8:53	5:03		Saffold	6:47	11:15		12:37	4:07
Central Standard Time							Eastern Standard Time				
9:55	5:46		8:00	4:10		Gordon Jct.	5:39	10:09		11:29	2:55
10:05	5:55		8:08	4:19		Funsey	5:30	10:01		11:20	2:45
10:15	6:05		8:17	4:29		Ashford	5:20	9:53		11:10	2:35
10:35	6:25		8:35	4:47	ar	Dothan lv	5:00	9:35		10:50	2:15
CpM	CpM		CpM	CpM			MTr	MTr		MTr	MTr
11:20	6:35		9:15	5:10	lv	Dothan ar	4:20	9:30		10:40	12:29
1:50	10:15		12:15	8:40	ar	Montgomery lv	12:40	6:00		7:10	9:15
							CpM	CpM		CpM	CpM

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EXHIBIT NO._____
SHEET NO. 2

BUS SCHEDULES AND CONNECTIONS - SAVANNAH, GA., TO MONTGOMERY, ALA.

In addition to schedules shown on Sheet 1, Atlantic Greyhound Lines rate 10 schedules each way daily between Savannah and Jacksonville which stop flag at Richmond Hill.

SERVICE COACH LINES, INC.
(additional schedules)

STBOUND - READ DOWN								EASTBOUND - READ UP				
E	D	C	B	A				A	B	C	D	E
:00	5:30	2:30	11:15	8:30	lv	Savannah	ar	10:00	12:05	3:30	6:35	9:40
:26	6:02	3:00	11:46	9:02		Richmond Hill		9:30	11:38	3:00	6:08	9:12
:44	6:20	3:20	12:06	9:20		Midway		9:12	11:20	2:40	5:49	8:53
:02	6:38	3:38	12:25	9:38		Hinesville		8:52	11:02	2:22	5:30	8:34
r	6:48	3:45	12:35	9:48		Walthourville		8:40	10:53	2:13	5:20	8:25
:24	7:00	4:00	12:50	10:00	ar	Ludowici	lv	8:30	10:40	2:00	5:08	8:12
:25		5:08	12:50	10:45	lv	Ludowici	ar		10:00	2:00	4:00	8:00
:47		5:27	xxx	11:07	lv	Jessup	lv		9:37	xx	3:37	7:37
:45		6:30	xxx	12:10	ar	Brunswick	lv		8:30	xx	2:30	6:30
:15		8:10	5:10	2:30					6:30	10:00	1:00	4:00
:21		10:58	8:35	5:35					1:45	7:00	8:15	1:00

SOUTHEASTERN GREYHOUND LINES
(connections at Valdosta with schedules shown on sheet 1)

EASTBOUND - READ DOWN							WESTBOUND - READ UP		
8:55	4:41	1:04	9:02	lv	Valdosta	ar	12:19	4:38	8:50
10:49	6:54	2:58	10:50	lv	Lake City	lv	10:36	2:55	7:10
12:29	8:34	4:38	12:30	ar	Jacksonville	lv	8:45	1:00	5:00

MODERN TRAILWAYS
(additional schedules Quitman-Valdosta to and from Albany via Moultrie)

EASTBOUND - READ DOWN						WESTBOUND - READ UP		
7:19	3:26	12:09	lv	Quitman	ar	9:14	1:33	5:14
7:38	3:55	12:37	ar	Valdosta	lv	8:45	1:05	4:45

(connections on above schedules at Valdosta to and from Waycross and Jacksonville)

MODERN TRAILWAYS

2:00	lv	Cairo	ar	11:37
2:27	ar	Thomasville	ar	11:10
3:20	ar	Tallahassee	lv	8:45

ATLANTIC TRAILWAYS

STBOUND - READ DOWN						EASTBOUND - READ UP		
3:00	11:00	7:00	lv	Savannah	ar	2:40	7:00	11:00
10:30	6:30	2:25	ar	Columbus	lv	7:00	11:00	4:00
11:40	8:00	4:00	lv	Columbus	ar	6:20	10:25	3:15
1:25	9:05	5:50	ar	Montgomery	lv	2:40	6:30	11:50

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EXHIBIT NO. 23

[illegible] SAVANNAH, GEORGIA [illegible]

DELTA AIR LINES

11:46 AM	4:30 AM	lv	Savannah	ar	5:35 PM		8:08 PM		
xxxx AM	7:31 AM	ar	Macon	lv	xxxx		7:07 PM		
xxxx	7:39 AM	lv	Macon	ar	xxxx		6:59 PM		
12:33 PM	xxxx	ar	Augusta	lv	4:18 PM		xxxx		
12:37 PM	xxxx	lv	Augusta	ar	4:26 PM		xxxx		
1:53 PM	8:15 AM	ar	Atlanta	lv	3:30 PM		6:25 PM		
3:10 PM	9:[illegible] AM	lv	Atlanta	ar	2:11 PM		4:59 PM		
3:33 PM	9:[illegible] AM	ar	Montgomery	lv	11:46 AM		2:36 PM		

EASTERN AIR LINES

Although schedules between Savannah-Waycross-Atlanta and Jacksonville-Atlanta conform with Delta schedules listed above

[illegible]	[illegible] AM	lv	Savannah	ar		3:33 PM		8:08 PM	
[illegible]	[illegible] AM	ar	Atlanta	lv		3:30 PM		6:25 PM	
9:00 PM	xxxx	lv	Waycross	ar	4:38 PM	xxxx		xxxx	
4:38 PM	xxxx	ar	Atlanta	lv	3:00 PM	xxxx		xxxx	
5:15 PM	9:25 AM	lv	Atlanta	ar	2:11 PM	12:03 PM		5:27 PM	
8:09 PM	[illegible] AM	ar	Montgomery	lv	11:48 AM	9:39 AM		2:38 PM	

NATIONAL AIR LINES

PM	PM	AM	AM		PM	PM		PM	
5:48	2:19	10:57		lv Savannah ar	2:24	5:03			
6:46	3:03	11:46		ar Jacksonville lv	1:40	4:00			
8:00	3:38	1:30	7:45	lv Jacksonville ar	1:14	3:16		8:17	
xxx	4:31	xxx	8:26	ar Valdosta lv	12:38	xxx		xxx	
xxx	4:36	xxx	8:31	lv Valdosta ar	12:33	xxx		xxx	
8:58	5:06	2:28	9:01	ar Tallahassee lv	12:03	2:18		7:19	
12:13	2:15	AM	11:31	lv Tallahassee ar	7:23	1:50	AM	5:27	
xxx	xxxx		11:17	ar Dothan ar	xxx	xxx		5:37	
12:25	2:29	AM	11:58	ar Montgomery lv	4:58	11:42	AM	2:52	
9:09	5:20	3:05	9:15	lv Tallahassee ar	11:48	2:08		7:09	
xxx	4:47	xxx	8:42	ar Marianna lv	10:21	xxx		xxx	
xxx	5:16	xxx	9:11	ar Panama City lv	7:52	xxx		5:35	
9:14	6:08	3:15	10:03	ar Pensacola lv	6:45	11:58		4:43	
PM	PM	PM	AM		AM	AM		PM	

* Delta Air Lines: Savannah-Jacksonville
# Eastern Air Lines: Savannah-Jacksonville
Eastern Air Lines: Tallahassee-Dothan-Montgomery.

Above are daily scheduled flights which also carry air mail, air express, parcel post and air freight.

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[illegible]

COUNTIES	PASSENGER			TRUCK		
	[illegible]	1940	[illegible]	[illegible]	[illegible]	[illegible]
Chatham	23467	16093	16328	5370	5227	2898
Bryan	768	638	530	459	247	217
Liberty	904	788	537	439	337	241
Long	436	361	275	236	104	98
Wayne	1665	1072	952	1004	544	444
Pierce	1381	1067	897	701	359	311
Ware	5780	3976	3250	2217	1160	985
Clinch	699	580	489	531	271	170
Lanier	645	558	380	319	172	130
Lowndes	5361	4802	4219	2067	1217	1799
Berrien	1971	1514	1320	1259	891	584
Cook	3912	3498	3196	2764	1894	1076
Grady	[illegible]	[illegible]	[illegible]	1310	732	402
Decatur	[illegible]	[illegible]	[illegible]	1451	726	550
Seminole	1754	[illegible]	-	586	309	-
Early	1784	[illegible]	1035	961	490	322
TOTAL	55062	43595	[illegible]	21143	[illegible]	9731

Percent Increase
1930 - 1948

117.3

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APPROXIMATE SCHEDULES OF TRUCK LINES OPERATING BETWEEN MONTGOMERY-SAVANNAH-JACKSONVILLE

www - Warm station indicated
xxx - Does not work stations indicated
10:00 - PM (Underscored)
10:00 - AM
SNF - Savannah-Mayerose Freight Line
CTL - Central Truck Lines
- Operates Mondays, Wednesdays and Fridays

GST - Great Southern Trucking Company
CTC - Cooper Transfer Company
BTC - Bates Trucking Company
STC - Service Transport Company
PCW - P.E. White Truck Lines
NTL - Nashell Truck Lines

WEST BOUND - READ DOWN

EAST BOUND - READ UP

				Jacksonville	ar	www			
	STL 7:00	SNF 9:00	lv	Savannah		www	1:45	5:00	
	www	www		Waycross		www	www	www	
GST 3:00	11:00	xxxx	lv	Jacksonville		xxxx	9:00	xxxx	www
6:00	www	7:00		Valdosta		10:00	www	BTC 12:00 SNF	7:30
www	www			Quitman		www	www		www
7:30	7:00		ar	Thomasville	lv	9:00	2:30 CTL		5:00 GST
8:00	CTC 2:00		lv	Thomasville	ar	8:00	11:30		
www	www			Cairo		xxxx	www		
9:30	2:40			Climax		xxxx	10:30		
10:00	www		ar	Bainbridge	lv	8:00 GST	www		
BTC 11:00	3:30		lv	Bainbridge	ar	6:00	10:00		
noon	4:30		ar	Dothan	lv	2:00 BTC	7:00 CTC #		

			NTL 11:00	lv	Panama City	ar	10:45			
			1:45	ar	Dothan	lv	8:00			
PCW 11:00	NTL 8:00	NTL 7:00	6:00	lv	Dothan	ar	7:00	6:00	2:00	10:00
Noon	xxxx	8:00	7:00		Ozark		xxxx	xxxx	10:30	8:30
1:30	xxxx	1:00	noon		Troy		xxxx	xxxx	5:40	7:30
STC Noon	xxxx	xxxx	xxxx	lv	Enterprise	ar	xxxx	xxxx	xxxx	xxxx
2:00	xxxx	xxxx	xxxx		Elba		xxxx	xxxx	xxxx	xxxx
6:00	5:00	Noon	4:00	ar	Montgomery	lv	3:00 NTL	2:00 NTL	4:00 NTL	6:00 PCW

8:00
7:00
5:00 STC

Exhibit 26

ATLANTIC COAST LINE RAILROAD COMPANY

Computation Cost of Coal

- - - - - - - - -

Coal delivered to steam locomotives at coaling stations is charged to the specific locomotive supplied on basis of quantities supplied, for which a requisition is signed by the party in charge of the locomotive at the time supplied. Thus, the quantities charged to a specific train represent the quantity of coal placed on the locomotive.

Coal furnished to the Thomasville, Georgia, coaling station during June, 1949, using that month as an example, originated at mines located at Mora, Virginia, on the Clinchfield; Kilburn City, Kentucky, on the Clinchfield, and at St. Charles, Virginia, on the Interstate, in the quantities and costs shown hereunder.

Mine from which Thomasville supplied	Tons Purchased	Mine Cost Per Ton	Agra. Line Freight Per Ton	Total Cost Per Ton	Total Cost All Tons	Average Cost Per Ton
Mora, Va.	733	$ 5.00	$ 2.59	$ 7.59	$ 5,563.47	
Kilburn City, Ky.	3,720	4.65	2.59	7.24	26,788.00	
St. Charles, Va.	2,126	5.00	2.59	7.59	16,136.14	
Totals	6,599				$48,487.61	$7.392

Based on actual purchases of coal issued from the Thomasville, Georgia, coaling station, the per ton mine cost of coal issued to trains at Thomasville, Georgia, during the month of June, 1949, plus foreign lines' freight charges, was $7.392.

Mora, Va., and Kilburn City, Ky. are located for freight rate purposes in Clinchfield District No. 2, shipments from the three points being handled Clinchfield to Spartanburg, S.C., CHSC to Hemphill, S.C., Coast Line beyond. The through freight rate per ton, from the three points to Thomasville, Georgia, in June, 1949, was $4.84, leaving $2.25 per ton ($4.84 minus $2.59) as Coast Line proportion.

In Exhibit No. 13 the cost per ton of coal issued at Thomasville, Georgia, to Trains 57 and 58, during June, 1949, the mine cost per ton, plus foreign lines' freight, was included at a figure lower than the actual cost of $7.392, or at $6.873, the difference being $.519 per ton. This lower computation was used in order to give effect to the cost that would have been applicable if the coal issued at Thomasville, Georgia, had originated at Alabama mines, this being done in order to arrive at a conservative cost for the purpose of the instant docket. However, Alabama coal is restricted from use in main-line operations, where practical, due to its high ash content. A comparison of the complete basis of cost as used in the Exhibit, and

s is actually applicable, follows

	Cost	
	As Used on Exhibit No.	Recomputed on Actual Costs
Cost per ton at mine	$ 5.500	$ 4.802
Foreign lines freight charges	1.373	2.590
Cost of transporting over ACL (76.5% of $2.337) #	1.788	
(76.5% of $2.25) #		1.721
Federal transportation tax, per ton	.040	.040
Proportion cost handling at coal chute, per ton	.080	.080
Total cost	$ 8.781	$ 9.233

Freight operating ratio, 1948, times ACL proportion of through rate.

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Exhibit No. 27

ATLANTIC COAST LINE RAILROAD COMPANY

Computation Cost Diesel Fuel

- - - - - - - - - - -

Diesel fuel oil is metered to diesel locomotives and the cost of the actual number of gallons of oil delivered to locomotive fuel oil tanks is charged to the service in which the locomotive specifically operates. The per gallon cost of fuel oil is based on the average monthly per gallon cost for the entire system, computed as follows:

	Gallons	Cost
Diesel fuel oil inventory 5-31-49	2,874,012	$ 257,749.53
Purchases June, 1949	2,206,124	183,738.82
	5,080,136	$ 441,488.35
Average cost per gallon		.0869
Diesel fuel used in passenger-train service	1,234,357	$ 107,265.62
Add: Miscellaneous purchases exclusively for passenger service	15,340	1,770.16
	1,249,697	$ 109,035.78
Less: Credit for oil changeable to other companies	17,374	2,043.60
Net passenger-train service	1,232,323	$ 106,992.18
Add: Labor (direct) handling fuel, June, 1949		7,824.75
Total cost diesel fuel passenger - June, 1949		$ 114,816.93
Diesel locomotive 1000 HP miles, June, 1949	1,704,912	
Average cost per 1000 HP miles		.0673

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Exhibit - 1

ATLANTIC COAST LINE RAILROAD COMPANY

Computation Enginehouse Expense - Diesel

- - - - - - - - -

This class of expense is accumulated at each shop point and distributed between the various classes of services; namely, steam freight, steam passenger, diesel freight, and diesel passenger on basis of the number of locomotives in and out of the enginehouse. The amounts thus assigned to diesel passenger at all enginehouse points on the system are then added to obtain a total enginehouse expense for diesel passenger. During June, 1949, using that month as an example, diesel units, each of 2000 horsepower, operated a total of 852,456 unit miles, or 1,704,912 1000 HP miles. The total system enginehouse expense is then divided by the number of diesel 1000 HP unit miles to arrive at a cost per 1000 HP mile, which, with respect to Trains 97 and 98, was computed as follows:

Total system diesel enginehouse expense - labor and material	$ 16,389.72
Proportion - store expense	123.90
shop expense	1,771.14
Total	$ 18,174.76
Diesel 2000 HP unit miles 852,456	
1000 HP " "	1,704,912
Average cost per 1000 HP mile	.0107

Office of Comptroller,
March 20, 1950-e.

Exhibit 29

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT PASSENGERS HANDLED AND RELATED STATISTICS, TRAINS 57 AND 58, BETWEEN SAVANNAH AND HAYCROSS, GEORGIA.

YEAR 1948

Train 57 - Savannah to Haycross, Georgia - 96 Miles.

Month (1948)	No. of Trains	Train Miles	No. of Passengers	Average No. Passengers Per Train	Per Train Mile
Jan.	31	2,976	1,387	44.7	.47
Feb.	29	2,784	1,258	43.4	.45
Mar.	26	2,496	1,085	41.7	.44
April	24	2,304	822	34.3	.36
May	31	2,976	1,231	39.7	.41
June	30	2,880	1,239	41.3	.43
July	31	2,976	1,468	47.4	.49
Aug.	31	2,976	1,639	52.9	.55
Sept.	30	2,880	1,316	43.9	.46
Oct.	31	2,976	1,266	40.8	.43
Nov.	30	2,880	1,119	37.3	.39
Dec.	31	2,976	1,809	58.4	.61
Totals	355	34,080	15,639	44.1	.46

Train 58 - Haycross to Savannah, Georgia - 96 Miles.

Jan.	31	2,976	1,431	46.2	.48
Feb.	29	2,784	1,088	37.5	.39
Mar.	26	2,496	1,046	40.2	.42
April	24	2,304	961	40.	.42
May	31	2,976	1,331	42.9	.45
June	30	2,880	1,407	46.9	.49
July	31	2,976	1,607	51.8	.54
Aug.	31	2,976	1,919	61.9	.64
Sept.	30	2,880	1,541	51.4	.54
Oct.	31	2,976	1,122	36.2	.38
Nov.	30	2,880	1,148	38.3	.40
Dec.	31	2,976	1,314	42.4	.44
Totals	355	34,080	15,915	44.8	.47
Totals Both Trains	710	68,160	31,554	44.4	.46

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT PASSENGERS HANDLED AND RELATED STATISTICS, TRAINS
57 AND 58 BETWEEN WAYCROSS AND THOMASVILLE, GEORGIA.

YEAR 1948

Train 57 - Waycross to Thomasville, Georgia - 104 Miles.

Month (1948)	No. of Trains	Train Miles	No. of Passengers	Average No. Passengers Per Train	Per Train Mile
Jan.	31	3,224	1,087	35.	
Feb.	29	3,016	965	33.2	
Mar.	26	2,704	923	35.5	
April	24	2,410	700	29.2	
May	31	3,224	1,321	42.6	
June	30	3,120	1,372	45.7	
July	31	3,224	1,753	56.5	
August	31	3,224	1,420	45.8	
Sept.	30	3,120	1,226	40.9	
Oct.	31	3,224	1,156	37.3	
Nov.	30	3,120	1,044	34.8	
Dec.	31	3,224	1,344	43.5	
Totals	355	36,834	15,309	41.7	

Train 58 - Thomasville to Waycross Georgia - 104 Miles.

Jan.	31	3,224	1,527	. 2	.47
Feb.	29	3,016	1,289	44.4	.43
Mar.	26	2,704	1,091	42.	.40
April	24	2,410	865	36.	.36
May	31	3,224	1,421	45.8	.44
June	30	3,120	1,484	49.5	.48
July	31	3,224	1,619	52.2	.50
August	31	3,224	1,293	41.7	.40
Sept.	30	3,120	1,312	43.7	.42
Oct.	31	3,224	1,045	33.7	.32
Nov.	30	3,120	1,14[illegible]	38.2	.37
Dec.	31	3,224	1,631	52.6	.51
Totals	355	36,834	15,722	44.3	.43
Totals Both Trains	710	73,668	30,531	43.	.41

[redacted]

[redacted] PASSENGER SERVICES HISTORY AND RELATED STATISTICS, TRAINS 57 AND 58, THOMASVILLE, GEORGIA AND MONTGOMERY, ALABAMA

[redacted] 1948

Train 57 - Thomasville, Georgia to Montgomery, Alabama - 210 Miles

Month (1948)	No. of Trains	Train Miles	No. of Passengers	Average No. Passengers Per Train	Per Train Mile
Jan.	31	6,510	1,378	42.	.20
Feb.	29	6,090	1,180	40.7	.19
Mar.	26	5,460	1,117	43.	.20
April	18	4,011	606	36.3	.15
May	31	6,510	1,184	38.2	.18
June	30	6,300	1,444	48.1	.23
July	31	6,510	1,995	64.4	.31
Aug.	31	6,510	1,752	56.5	.27
Sept.	30	6,300	1,439	48.0	.23
Oct.	31	6,510	1,073	34.6	.16
Nov.	30	6,300	1,098	36.6	.17
Dec.	31	6,510	1,627	52.5	.25
Totals	354	74,121	15,817	44.7	.21

Train 58 - Montgomery, Ala. to Thomasville, Georgia - 210 Miles

Jan.	31	6,510	1,469	47.4	.23
Feb.	29	6,090	1,368	47.2	.22
Mar.	26	5,460	1,298	49.9	.24
April	24	4,812	756	31.5	.16
May	31	6,510	1,288	41.5	.20
June	30	6,300	1,561	52.	.25
July	31	6,510	1,673	54.	.26
Aug.	31	6,510	2,102	67.8	.32
Sept.	30	6,300	1,421	47.4	.23
Oct.	31	6,510	1,584	51.1	.24
Nov.	30	6,300	1,448	48.3	.23
Dec.	31	6,510	1,404	45.3	.22
Totals	355	74,312	17,372	48.9	.23

Totals Both Trains	709	148,433	33,189	46.8	.22

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF PASSENGERS HANDLED AND RELATED STATISTICS TRAINS 57 AND 58 YEAR 1949

Train 57 - Savannah to Waycross, Georgia - 96 Miles.

Month (1949)	No. of Trains	Train Miles	No. of Passengers	Average No. Passengers Per Train	Per Train Mile
Jan.	31	2,976	1,136	36.7	.38
Feb.	28	2,688	918	32.8	.34
Mar.	31	2,976	952	30.7	.32
Apr.	30	2,880	1,025	34.2	.36
May	31	2,976	992	32.	.33
June	30	2,880	1,049	35.	.36
July	31	2,976	1,453	46.9	.49
Aug.	31	2,976	1,320	42.6	.44
Sept.	30	2,880	1,120	37.3	.39
Oct.	31	2,976	1,047	33.8	.36
Nov.	30	2,880	767	25.6	.27
Dec.	31	2,976	1,220	39.4	.41
Totals	365	35,040	13,001	35.6	.37

Train 58 - Waycross to Savannah, Georgia - 96 Miles.

Jan.	31	2,976	1,168	37.7	.39
Feb.	28	2,688	891	31.8	.33
Mar.	31	2,976	988	31.9	.33
Apr.	30	2,880	1,016	33.9	.35
May	31	2,976	1,155	37.3	.39
June	30	2,880	1,290	43.7	.45
July	31	2,976	1,346	43.	.45
Aug.	31	2,976	1,349	43.5	.45
Sept.	30	2,880	1,248	41.6	.43
Oct.	31	2,976	844	27.	.28
Nov.	30	2,880	721	24.	.25
Dec.	31	2,976	1,028	33.	.34
Totals	365	35,040	13,053	35.7	.37

Totals Both Trains	730	70,080	26,054	35.7	.37

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ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF PASSENGERS HANDLED AND RELATED STATISTICS TRAINS
57 AND 58 YEAR 1949

Train 57 - Waycross to [illegible]ville, Georgia - 104 Miles.

	Number Trains	Train Miles	No. of Passengers	Average No. Passengers Per Train	Per Train Mile
[illegible]	31	3,224	1,119	36.	.35
	28	2,912	824	29.4	.28
	31	3,224	909	29.3	.28
	30	3,120	837	27.9	.26
	31	3,224	938	30.9	.29
	30	3,120	824	27.5	.26
	31	3,224	1,187	38.3	.37
	31	3,224	1,052	33.9	.33
	[illegible]	[illegible]	1,199	38.	.37
	[illegible]	[illegible]	678	21.9	.21
	[illegible]	3,120	586	17.5	.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	365	37,980	10,963	30.1	.29

Train 58 - [illegible]ville to Waycross, Georgia - 104 Miles.

	31	3,224	1,288	41.5	.40
	28	2,912	792	28.3	.27
	31	3,224	834	26.9	.26
	30	3,120	791	26.4	.25
	31	3,224	852	28.8	.26
	30	[illegible]	1,094	36.5	.35
	31	[illegible]	1,021	33.2	.32
	31	[illegible]	1,044	33.7	.32
	30	3,120	900	30.	.29
	31	3,224	624	20.1	.19
	30	3,120	595	19.5	.18
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	365	37,980	10,763	29.5	.28

Whole Both Trains	730	75,920	21,676	29.7	.29

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ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF PASSENGERS HANDLED AND RELATED STATISTICS TRAINS
57 AND 58 YEAR 1949

Train 57 - Thomasville, Georgia to Montgomery, Alabama - 210 Miles.

Month (1949)	No. of Trains	Train Miles	No. of Passengers	Average No. Passengers Per Train	Average No. Passengers Per Train Mile
Jan.	31	6,510	998	32.2	.15
Feb.	28	5,880	950	33.9	.16
Mar.	31	6,510	773	24.9	.12
Apr.	30	6,300	1,008	33.6	.16
May	31	6,510	985	31.8	.15
June	30	6,300	1,000	33.3	.16
July	31	6,510	1,232	39.7	.19
Aug.	31	6,510	1,160	36.8	.18
Sept.	30	6,300	1,004	33.5	.16
Oct.	31	6,510	645	20.8	.10
Nov.	30	6,300	573	19.1	.09
Dec.	31	6,510	808	26.1	.12
Totals	365	76,650	11,116	30.5	.15

Train 58 - Montgomery, Alabama to Thomasville, Georgia - 210 Miles.

Jan.	31	6,510	1,138	35.9	.17
Feb.	28	5,880	938	33.4	.16
Mar.	31	6,510	1,019	32.9	.16
Apr.	30	6,300	1,032	34.4	.16
May	31	6,510	1,195	38.5	.18
June	30	6,300	1,271	42.4	.20
July	31	6,510	1,425	46.	.22
Aug.	31	6,510	1,000	32.3	.15
Sept.	30	6,300	1,005	33.5	.16
Oct.	31	6,510	984	31.7	.15
Nov.	30	6,300	721	24.	.11
Dec.	31	6,510	816	26.3	.13
Totals	365	76,650	12,474	34.2	.16

Totals Both Trains	730	153,300	23,590	32.3	15

Exhibit No. 30
Witness Alabaster

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 AND 58 BETWEEN SAVANNAH, GEORGIA, AND MONTGOMERY, ALABAMA - JULY THROUGH OCTOBER, 1949

South	Train Miles	Revenues: Passenger	Mail	Express	Total	Revenue Per Train Mile (Cents)
Train 57 - Savannah, Georgia to Montgomery, Alabama. 410 Miles Daily.						
July, 1949	12,710	$ 7,713.85	$ 4,189.75	$ 1,115.78	$ 13,019.38	102.43
Aug.	12,710	7,468.51	4,274.37	3,215.37	14,958.25	117.69
Sept.	12,300	7,637.09	4,344.26	3,697.61	15,678.96	127.47
Oct.	12,710	4,316.60	4,543.47	3,820.86	12,680.93	99.77
Totals	50,430	$27,136.05	$17,351.85	$11,849.62	$56,337.52	111.71
Train 58 - Montgomery, Alabama to Savannah, Georgia - 410 Miles Daily.						
July, 1949	12,710	$ 8,105.45	$ 4,201.87	$ 1,115.79	$13,423.11	105.61
Aug.	12,710	6,020.60	4,250.35	3,215.37	13,486.32	106.11
Sept.	12,300	5,766.79	4,338.38	3,697.62	13,802.79	112.22
Oct.	12,710	3,936.86	4,580.43	3,820.87	12,338.16	97.07
Totals	50,430	$23,829.70	$17,371.03	$11,849.65	$53,050.38	105.20
Total Both Trains	100,860	$50,965.75	$34,722.88	$23,699.27	$109,387.90	108.46

Wilmington, N. C.,
February 22, 1950.

POOR COPY

Exhibit No. 31
Witness

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
27 AND 28 BETWEEN SAVANNAH, GEORGIA AND MONTGOMERY, ALABAMA

DIESEL OPERATION

PERIOD: JULY THROUGH OCTOBER, 1949

			Average Per Train Mile (Cents)
I			
Passenger	$ 30,965.75		30.53
Mail	34,[illegible].88		34.43
Express	23,[illegible].87		23.30
Total Revenues		$109,387.90	108.46
I			
[illegible] wages	$ 57,865.35		57.07
	15,492.53		15.28
[illegible]tenance of locomotives	17,078.44		16.84
[illegible]ionis	901.73		.89
[illegible] supplies for train locomotives	111.43		.11
[illegible]nehouse expenses - Train	1,646.25		1.62
[illegible]n supplies and expenses	9,865.86		9.73
[illegible]mah Union Station Expenses	1,285.37		1.27
[illegible]gency Passenger Station expenses	2,876.60		2.83
[illegible] of passenger and express cars	45,[illegible].42		45.11
Total Direct Expenses		$152,623.98	151.30
[illegible]I			
[illegible]tenance of Way and Structures	$ 37,418.08		37.10
[illegible]ffic	8,121.30		8.05
[illegible]sportation - Train mile	19,274.33		19.11
[illegible]sportation - Car mile	1,784.57		1.77
[illegible]ral	11,466.81		11.35
Total Indirect Expenses		$ 80,023.09	79.38
[illegible] CHARGES			
[illegible]erest on investment in locomotives	$ 3,065.16		3.04
[illegible]reciation of locomotives	6,443.24		6.39
Total Fixed Charges		$ 9,508.40	9.43
Total All Expenses		$242,155.47	240.07
Less Revenues		$109,387.90	108.46
Loss - July through October, 1949		$132,767.57	131.61

[illegible]on, N. C.,
[illegible]y 22, 1950.

Exhibit No. 32
Witness Adams

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 AND 58 BETWEEN
SAVANNAH, GEORGIA, AND THOMASVILLE, GEORGIA - JULY THROUGH OCT. 1949

Month	No. Trains	Train Miles	Revenues				Revenue Per Train Mile (Cents)
			Passenger	Mail	Express	Total	
Train 57 - Savannah, Georgia to Thomasville, Georgia - 200 Miles Daily.							
July 1949	31	6,200	$ 4,427.89	$ 1,766.13	$ 468.51	$ 6,642.53	107.14
Aug. "	31	6,200	4,079.15	1,857.14	1,350.10	7,286.39	117.52
Sept. "	30	6,000	4,262.46	1,829.26	1,552.59	7,644.31	127.41
Oct. "	31	6,200	2,656.52	1,917.93	1,604.34	6,178.79	99.66
Totals	123	24,600	$15,406.02	$ 7,370.46	$ 4,975.54	$ 27,752.02	112.81
Train 58 - Thomasville, Georgia to Savannah, Georgia - 200 Miles Daily.							
July 1949	31	6,200	$ 4,337.37	$ 1,778.25	$ 468.51	$ 6,584.13	106.20
Aug. "	31	6,200	4,193.33	1,831.12	1,350.10	7,376.55	118.98
Sept. "	30	6,000	3,814.71	1,823.38	1,552.59	7,190.68	119.84
Oct. "	31	6,200	2,343.61	1,954.89	1,604.34	5,902.84	95.21
Totals	123	24,600	$14,689.02	$ 7,389.64	$ 4,975.54	$ 27,054.20	109.98
Total Both Trains	246	49,200	$30,095.04	$14,760.10	$ 9,951.08	$ 54,806.22	111.39

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Exhibit No. 2-A
Witness A

[redacted] ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULTS OF OPERATION OF TRAINS
[redacted]7 AND [redacted] BETWEEN SAVANNAH, GEORGIA AND THOMASVILLE, GEORGIA
DIESEL OPERATION

FOUR MONTHS - 1949
JULY THROUGH OCTOBER, 1949

			Average Per Train Mile (Cents)
[redacted]			
Passenger	$ 30,095.04		[redacted]
Mail	14,760.10		[redacted]
[redacted]	9,951.08		[redacted]
Total revenue		$ 54,806.22	111.39
[redacted]			
DIRECT			
[redacted] Wages	$ 29,780.76		60.53
[redacted]	7,549.44		15.35
[redacted]tenance of locomotives	8,322.08		16.92
Water	-		-
[redacted]bricants	439.42		.89
Other supplies for train locomotives	54.30		.11
Enginehouse expenses - Train	802.21		1.63
[redacted]ain supplies and expenses	4,586.73		9.32
[redacted]annah Union Station expense	2,677.86		5.44
[redacted]se of passenger and express cars	21,570.45		43.86
Total Direct Expenses		$ 75,792.25	154.05
INDIRECT			
Maintenance of Way and Structures	$ 17,196.62		35.36
Traffic	3,775.67		7.67
Transportation - Train mile	[redacted]		19.11
Transportation - Car mile	822.76		1.65
General	[redacted]		13.15
Total Indirect Expense		$ [redacted]	[redacted]
FIXED CHARGES			
Interest on investment in locomotives	$ 1,498.09		3.04
Depreciation of locomotives	1,179.74		2.38
Total Fixed Charges		$ 2,677.83	5.42
Total All Expenses		$118,283.14	240.61
Less Revenues		54,806.22	111.39
Loss - Four months 1949		$ 63,476.92	129.22

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ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF REVENUES - TRAINS 57 AND 58 BETWEEN
THOMASVILLE, GEORGIA, AND MONTGOMERY, ALABAMA - MONTH THROUGH OCTOBER, 1949

Month	No. Trains	Train Miles	Revenues Passenger	Mail	Express	Total	Revenue Per Train Mile (Cents)
Train 57 - Thomasville, Georgia to Montgomery, Alabama - 210 Miles Daily.							
July 1949	31	6,510	$ 3,305.96	$ 2,423.62	$ 647.27	$ 6,376.85	97.95
Aug. "	31	6,510	3,389.36	2,417.23	1,865.27	7,671.86	117.85
Sept. "	30	6,300	3,374.63	2,515.00	2,145.02	8,034.65	127.53
Oct. "	31	6,510	1,660.08	2,625.54	2,206.52	6,492.14	99.88
Totals	123	25,830	$11,730.03	$ 9,981.39	$ 6,874.08	$28,585.50	110.67
Train 58 - Montgomery, Alabama to Thomasville, Georgia - 210 Miles Daily.							
July 1949	31	6,510	$ 3,768.08	$ 2,423.62	$ 647.28	$ 6,838.98	105.05
Aug. "	31	6,510	1,827.27	2,417.23	1,865.27	6,109.77	93.85
Sept. "	30	6,300	1,952.38	2,515.00	2,145.03	6,612.11	104.95
Oct. "	31	6,510	1,593.25	2,625.54	2,210.53	6,435.32	98.85
Totals	123	25,830	$ 9,140.68	$ 9,981.39	$ 6,874.11	$25,996.18	100.66
Total Both Trains	246	51,660	$20,870.71	$19,962.78	$13,748.19	$54,581.68	105.66

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Exhibit No. 35
Witness [illegible]

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATION OF TRAINS
37 AND 38 BETWEEN THOMASVILLE, GEORGIA AND MONTGOMERY, ALABAMA

[illegible] OPERATION

FOUR MONTHS - 1942

JULY THROUGH OCTOBER, 1942

			Average Per Train Mile (Cents)
REVENUE:			
Passenger	$ 20,870.71		40.40
Mail	13,962.78		38.64
Express	13,748.19		26.61
Total Revenue		$ 54,581.68	105.65
EXPENSES:			
DIRECT:			
Crew wages	$ 28,084.89		54.36
Fuel	7,913.88		15.38
Maintenance of locomotives	8,756.36		16.95
Water	-		-
Lubricants	466.31		.89
Other supplies for train locomotives	57.13		.11
Enginehouse expenses - Train	864.84		1.43
Train supplies and expenses	5,279.13		10.22
Montgomery Passenger Station expense	2,876.60		5.57
Use of passenger and express cars	23,290.97		46.31
Total Direct Expenses		$ 78,224.27	[illegible]
INDIRECT:			
Maintenance of Way and Structures	$ 20,082.06		38.75
Traffic	4,365.63		8.41
Transportation - Train mile	9,872.22		19.11
Transportation - Car mile	933.51		1.81
General	6,826.61		13.35
Total Indirect Expenses		$ 42,078.41	[illegible]
FIXED CHARGES:			
Interest on Investment in Locomotives	$ 1,567.07		3.03
Depreciation of Locomotives	3,303.50		6.40
Total Fixed Charges		$ 4,870.57	9.43
Total All Expenses		$125,164.82	242.36
Less Revenue		$ 54,581.68	105.65
Loss - Four Months 1942		$ 70,583.14	136.71

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Exhibit No. 35
Witness Anderson

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT SHOWING RESULT OF OPERATIONS OF TRAINS 57 AND 58, BETWEEN THOMASVILLE, GEORGIA AND MONTGOMERY, ALABAMA, DIVIDED BETWEEN STATE OF GEORGIA AND STATE OF ALABAMA
DIESEL OPERATION

FOUR MONTHS - JULY THROUGH OCTOBER, 1949

Number of Miles, Thomasville to Montgomery	210
Number of Miles in Georgia (32.4%)	68
Number of Miles in Alabama (67.6%)	142
	210

	Total	Georgia (32.4)	Alabama (67.6)
REVENUES:			
Passenger	$ 20,879.71	$ 6,762.11	$ 14,108.60
Mail	19,962.78	6,467.94	13,494.84
Express	13,748.19	4,453.41	9,293.78
Total Revenue	$ 54,581.68	$ 17,684.46	$ 36,897.22
EXPENSES:			
DIRECT:			
Crew Wages	$ 28,084.59	$ 9,099.41	$ 18,985.18
Fuel	7,943.09	2,573.56	5,369.53
Maintenance of locomotives	8,756.36	2,837.06	5,919.30
Lubricants	462.31	149.79	312.52
Other supplies for train locomotives	57.13	18.51	38.62
Enginehouse expenses - Train	844.04	273.47	570.57
Train supplies and expenses	5,279.13	1,710.44	3,568.69
Montgomery Passenger Station expense	2,876.60	932.02	1,944.58
Use of passenger and express cars	23,920.97	7,750.39	16,170.58
Total Direct Expenses	$ 78,224.22	$25,344.65	$ 52,879.57
INDIRECT:			
Maintenance of Way and Structures	$ 20,022.06	$ 6,487.15	$ 13,534.91
Traffic	4,345.63	1,407.98	2,937.65
Transportation - Train Mile	9,872.22	3,198.60	6,673.62
Transportation - Car Mile	933.51	302.46	631.05
General	6,896.61	2,234.50	4,662.11
Total Indirect Expenses	$ 42,070.03	$ 13,630.69	$ 28,439.34
FIXED CHARGES:			
Interest on investment in locomotives	$ 1,567.07	$ 507.73	$ 1,059.34
Depreciation of locomotives	3,303.50	1,070.33	2,233.17
Total Fixed Charges	$ 4,870.57	$ 1,578.06	$ 3,292.51
Total All Expenses	$125,164.82	$ 40,553.40	$ 84,611.42
Less Revenues	54,581.68	17,684.46	36,897.22
Loss - Four Months 1949	$ 70,583.14	$ 22,868.94	$ 47,714.20

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Exhibit No. 37
Witness: J. Jones

ATLANTIC COAST LINE RAILROAD COMPANY

RECAPITULATION OF LOSS FROM OPERATION OF TRAINS 57 AND 58 WITHIN STATE OF GEORGIA

DIESEL OPERATION

July October, 1947 (4 Months)

Loss: Savannah to Thomasville, Georgia, Exhibit No. $ 63,576.92

Thomasville to Georgia State Line, Exhibit No. 22,868.94

Total Loss $ 86,445.86

Annual Loss 3 X ($86,445.86) $ 259,337.58

Exhibit #8

MAILS TO SAVANNAH, GA. AND EXPRESS FROM SAVANNAH, Ga.

AS FIXED BY A.C.L. APPLICATION

Name Town	Number Accounts	Mail Routes	Express Routes
Boston, Ga.	2	ACL 58 & 180	ACL 189
Alma, Ga.	1	ACL 58 & 180	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga.
Moultrie, Ga.	2	ACL 58 & 180	ACL 57 to Waycross, Ga. Central #3 to Macon, Ga ACL 189 to Boston, Ga.
Somerville, Ga.	1	ACL 58 & 180	ACL 189
Meigs, Ga.	1	ACL 58 & 180	ACL 57 to Waycross, Ga. ACL 189 to Thomasville, Ga.
Baxley, Ga.	2	ACL 58 & 180	ACL 57 to Jesup, Ga. Southern #3 to Jesup, Ga.
Valdosta, Ga.	6	ACL 58 & 180	ACL 57 and 189
Ludowoci, Ga.	1	ACL 58 & 76	ACL 189
Lakeland, Ga.	2	ACL 58 & 180	ACL 189
Tifton, Ga.	2	ACL 58 & 180	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga.
Douglas, Ga.	2	ACL 58 & 180 SAL 8	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga.
Adel, Ga.	1	ACL 180 Savh-Cordele HP02	ACL 57 to Valdosta, Ga. ACL 189 to Valdosta, Ga.
Ty Ty, Ga.	1	ACL 180 and 76	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga.
Jesup, Ga.	1	ACL 58 & 76 ACL 92,376 & 180	ACL 57, 375 & 189
Bainbridge, Ga.	1	ACL 58 & 180	ACL 57 & 189
Blakely, Ga.	3	ACL 58,76 & 180	ACL 57 to Waycross, Ga. ACL 189 to Dothan, Ala.
Colquitt, Ga.	1	ACL 58,76 & 180	ACL 57 to Waycross, Ga. ACL 189 to Bainbridge, Ga Central #3 to Macon, Ga.
Nashville, Ga.	1	ACL [illegible] & 180	ACL 57 to Valdosta, Ga.

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[redacted]

[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	ACL [redacted]	ACL 57 to Waycross, Ga. ACL 189 to Thomasville,Ga.
[redacted]	2	ACL 58 & 180	ACL 57 & 189
[redacted]	1	ACL 58	ACL 189
[redacted]	2	ACL 58,76 & 180	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga. SAL 11 to Cordele, Ga. Central #3 to Macon, Ga.
[redacted]	3	[redacted] 180	ACL 57 to Waycross, Ga. ACL [redacted] to Waycross, Ga.
[redacted]	1	[redacted] 180	ACL 189 to McIntosh, Ga.
[redacted]	1	[redacted]	ACL 189
[redacted]	2	[redacted]	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga.
[redacted]	1	[redacted] 180	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga.
[redacted]	1	[redacted]	[redacted]
[redacted]	1	[redacted]	[redacted] 189 via [redacted], Ga. ACL 73 via [redacted], Ga.
[redacted]	4	[redacted] 180	ACL 57 & 189
[redacted]	1	[redacted] 180	[redacted]
[redacted]	2	[redacted] 180	ACL [redacted] to Bethan, Ala. ACL 189
[redacted]	2	ACL 58 & 180	ACL 57 & 189
[redacted]	2	ACL 58 & 180 SAL 8	ACL 57 to Waycross, Ga. ACL 189 to Waycross, Ga.
[redacted]	1	ACL 58 & 76 ACL 180	ACL 57 to Waycross, Ga. ACL 189 to Thomasville,Ga.
[redacted]	3	ACL 58,76,180 & [redacted], SAL 8	SAL 9, ACL 75 & 375 SAL 7, via Callville, Fla.
[redacted]	5	ACL [redacted],180,92 [redacted]	ACL 57 and 189 via Thomasville, Ga.
[redacted]	4	ACL [redacted] & 92 SAL 8	ACL 75, 375 SAL 7, 9, via Jacksonville,Fla.

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Name of Town	Number Accounts	Mail Routes	Express routes
Tallahassee, Fla.	2	ACL 58,180,92 SAL 8	SAL 9 & 7 to Jaxville,Fla.
Port St. Joe, Fla.	1	ACL 58,180,92 SAL 8	ACL 57 to Climax, Ga.. ACL 189 to Climax, Ga.
Chattahoochee,Fla.	1	ACL 58,180,92 SAL 8	ACL 57 & 189 to Climax,Ga. SAL 7 & 9 to Jaxville, Fla.
Cross City, Fla.	1	ACL 58,180,92 SAL 8	ACL 57 to Thomasville,Ga. ACL 189 to Thomasville,Ga.
Lake City,Fla.	5	ACL 58,180,92 SAL 8	ACL 57 to Valdosta, Ga. SAL 7 & 9 to Jaxville, Fla.
Quincy, Fla.	3	ACL 58,180,92 SAL 8	ACL 57 to Climax, Ga. SAL 7 & 9 to Jaxville,Fla.
[illegible]	[illegible]	ACL 58,180,92 SAL [illegible]	ACL 57 & 189 to Climax,Ga.
[illegible] Fla.	[illegible]	ACL 58,180,92 SAL 8	ACL 57 to Thomasville,Ga. SAL 7 & 9 to Jaxville, Fla.
[illegible], Fla.	[illegible]	ACL 58,180,92 SAL 8	ACL 75 to Jaxville, Fla. SAL 7 & 9 to Jaxville,Fla.
[illegible],Fla.	[illegible]	ACL 58,180,92 SAL 8	ACL 57 to Valdosta, Ga. ACL 375 via Jaxville, Fla.
[illegible]	[illegible]	ACL 58,180,92 SAL 8	SAL 7 & 9 to Jaxville,Fla.
[illegible], Fla.	[illegible]	ACL 58,180,92 SAL 8	ACL 57 & 189 to Thomasville, Ga.
[illegible], Fla.	[illegible]	ACL 58,180,92 SAL 8	ACL 57 & 189 to Thomasville, Ga.
Havana, Fla.	1	ACL 58,180,92 SAL 8	SAL 7 & 9 to Jaxville Fla.
Alachua, Fla.	1	ACL 58,180,92 SAL 8	ACL 57 & 189 to Thomasville, Ga.
Jasper, Fla.	1	ACL 58,180,92 SAL 8	ACL 57 & 189 to Valdosta, Ga.

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[redacted] No. 31

[redacted] RAILROAD, WITH EXPENSES FOR MAINTENANCE [redacted] PASSENGER [redacted]

(1) Co[redacted] Ja[redacted]	(7) ACL claimed expense per train mile (in cents)	(8) ACL claimed expense in dollars Exhibit No.	(9) Expense on basis other lines [redacted] per column (5)
File: 19[redacted] Docket: 13	45.1	$45,500.42	$23,197.80
File: 19[redacted] Docket: 8	45.1	45,500.42	19,867.70
File: 19[redacted] Docket: 3	45.1	45,500.42	11,699.76
File: 19[redacted] Docket: 9	45.1	45,500.42	25,114.34

* Inclu[redacted]

** L & N[redacted]

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BE FILMED

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Exh. b.t. 40

Statement filed with Georgia Public Service Commission showing Total Revenue and Total Expenses chargeable to the operation of Central of Georgia Passenger Trains 107 and 108 ("Nancy Hanks II") between Atlanta, Georgia and Savannah, Georgia.

	AUGUST 1949			[illegible]
	Train No.107	Train No.108	Total Amount	[illegible]
Train Miles	9 114	9 114	18 228	149 884
Number of Passengers-				
Revenue	8 461	9 121	17 582	115 579
Non-revenue	442	472	1 014	6 529
Total	8 903	9 593	18 596	122 108
Revenue-				
Passenger	$19 421 18	$21 433 20	$40 854 38	$271 459 44
Mail	445 52	445 52	891 04	6 987 16
Dining and buffet	3 249 55	4 454 98	7 704 13	56 913 92
Total	23 116 25	26 383 30	49 449 55	334 332 70
Revenue per train mile (cents)			271.28	233.99
Operating Expenses-				
Train			$25 943 50	$193 780 87
Dining and buffet			6 832 97	53 285 24
Total			32 776 47	247 073 11
Expenses per train mile (cents)			179.81	172.92
Net Revenue			$16 673 08	$87 257 59
Net Revenue per train mile (cents)			91.47	61.07

GEORGIA, FULTON COUNTY:

I, A. G. Kendall, Secretary of the Georgia Public Service Commission do hereby certify that the foregoing [illegible] is a true and correct copy of the original thereof which is on file with the Commission.

Given under my hand and official seal of the Georgia Public Service Commission, this 15 day of [illegible], 1950.

[signature] Secretary

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Exhibit No. 41

Statement on file with Georgia Public Service Commission showing Total Revenue and Total Expenses chargeable to the operation of Central of Georgia Passenger Trains 17, 18, 19 and 20 ("Man-O-War") between Atlanta, Georgia and Columbus, Georgia.

	AUGUST 1949					8 Months Period
	Train No.17	Train No.18	Train No.19	Train No.20	Total August	
Train Miles	3 627	3 627	3 627	3 627	14 508	113 724
Number of Passengers-						
Revenue	2 848	3 836	4 272	3 253	14 209	97 155
Non-Revenue	90	121	93	136	440	3 683
Total	2 938	3 957	4 365	3 389	14 649	100 838
Revenue-						
Passenger	$4 471 65	$6 371 78	$7 402 87	$5 604 57	$23 850 87	$169 926 71
Mail	147 08	204 46	856 82	1 012 57	2 220 93	18 348 32
Express	230 62	298 06	178 40	356 81	1 063 89	6 059 47
Dining and buffet	681 11	917 08	1 011 81	785 35	3 395 35	25 297 63
Total	5 530 46	7 791 38	9 449 90	7 759 30	30 531 04	219 632 13
Revenue per train mile (cents)					210.44	193.13
Operating Expenses-						
Train					$22 134 48	$177 609 84
Dining and buffet					3 179 28	25 372 23
Total					25 313 76	202 982 07
Expenses per train mile (cents)					174.48	178.49
Net Revenue					$ 5 217 28	$ 16 650 06
Net Revenue per train mile (cents)					35.96	14.64

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Docket No. 17583 Exhibit 2

Interstate Commerce Commission

Washington 25

EXHIBIT 2
A. C. L. R. R. Co.
vs
C. O.
FILED IN EVIDENCE
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EDWIN R. WILLIAMS, Clerk

I, W. P. BARTEL, Secretary of the INTERSTATE COMMERCE COMMISSION, do hereby certify that the attached are true copies of the following:

Application filed December 26, 1951; and

Report of the Commission filed January 10, 1952,

Finance Docket No. 17583, Atlantic Coast Line Railroad Company Competitive Bidding Exemption, the originals of which are now on file and of record in the office of said Commission.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said Commission this 28th day of January, A. D. 1952.

W. P. Bartel

SECRETARY OF THE INTERSTATE COMMERCE COMMISSION

BEFORE THE

INTERSTATE COMMERCE COMMISSION

SPECIAL APPLICATION OF ATLANTIC COAST LINE RAILROAD COMPANY FOR AUTHORITY TO SELL SECURITIES WITHOUT COMPETITIVE BIDDING

Atlantic Coast Line Railroad Company hereby makes special application for exemption, pursuant to Exception (7), Ex Parte 158 257 I.C.C. 129, 164, from the requirement that the hereinafter described securities to be issued under authority granted by the Interstate Commerce Commission pursuant to Section 20a of the Interstate Commerce Act, be offered for sale at competitive bidding; and, pursuant to the instructions contained in the Commission's order dated June 1, 1944, respectfully states:

(1) The exact corporate name of applicant is Atlantic Coast Line Railroad Company.

(2) Applicant was organized and received its present charter under the laws of the State of Virginia.

(3) Applicant operates in the States of Virginia, North Carolina, South Carolina, Georgia, Florida and Alabama.

(4) The securities in respect of which exemption from the competitive bidding requirement is sought are approximately $22 388 000 principal amount of General Mortgage Bonds, series B. Such bonds will be secured by applicant's General Mortgage, ratably with bonds of other series under that mortgage, which mortgage is of record with the Commission in Finance Docket No. 16961. Such bonds will be dated June 30, 1952, to mature June 30, 1972; will be issuable in coupon form, registerable as to principal, in the denomination of $1 000 and in registered form without coupons in the denomination of $1,00 , or any multiple thereof, and will

BEFORE THE

INTERSTATE COMMERCE COMMISSION

Finance Docket No. ____

SPECIAL APPLICATION OF ATLANTIC
COAST LINE RAILROAD COMPANY FOR
AUTHORITY TO SELL SECURITIES
WITHOUT COMPETITIVE BIDDING

C. C. Howell

Attorney for Applicant

Wilmington, N. C.
December 21, 1951.

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bear interest at the lowest rate at which such bonds may be sold at par. Although investment market conditions for selling any large volume of railroad bonds is uncertain at the present time, it is believed by the applicant that the coupon rate at which these bonds may be sold by direct sale will not exceed 4-1/2%, with a likelihood that the rate may be somewhat lower. The bonds will be callable on 30 days notice at not in excess of 104 (and at declining premiums after the first year) and accrued interest, thus assuring the opportunity for refunding on short notice at any time the market should become favorable.

(5) The purpose of the proposed issue is solely to provide funds by the sale thereof for the payment at maturity of all of applicant's then outstanding First Consolidated Mortgage 4% Bonds due July 1, 1952, together with interest thereon to maturity, and the proceeds of said sale will be deposited with the trustee of the First Consolidated Mortgage for that purpose and in order to procure the satisfaction and release of the latter mortgage. Applicant will, when and if market conditions become more favorable, seek authority for the issuance of additional General Mortgage bonds for purposes authorized under such mortgage other than to refund the July 1, 1952, maturity, and will offer such bonds at competitive bidding.

(6) The Commission's Order of May 26, 1950, in Finance Docket No. 16961, authorized applicant to issue not exceeding $50,724,000 principal amount of General Mortgage 4% Bonds (4-1/2% until September 1, 1952) Series A, due March 1, 1980, and to offer them in exchange for an equal amount of First Consolidated Mortgage 4% Bonds due July 1, 1952. In response to the offer of exchange, holders of First Consolidated Mortgage Bonds exchanged such bonds for General Mortgage Bonds, Series A, in the principal amount of $27,536,000. Subsequently, applicant has reacquired an additional $800,000 principal amount of First Consolidated Mortgage Bonds. Therefore, the amount of First Consolidated Mortgage Bonds which will mature July 1, 1952, will not exceed $22,388,000 principal amount.

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Officers of applicant have for more than a year been exploring methods of refunding the issue of bonds maturing July 1, 1952, and have consulted with bankers, investment counsel, securities dealers, and representatives of investing institutions. As a result of those consultations, applicant ascertained that the railroad bond market has been and continues to be weak and unfavorable and that the condition of the market for railroad bonds is such that the proposed issue cannot be sold advantageously through competitive bidding at present or in the immediate future.

Applicant's conviction in that respect is confirmed by its observation of the result of a recent sale of railroad bonds at competitive bidding. In its Report of November 27, 1951, in Finance Docket No. 17527, Western Maryland Railway Company Bonds, the Commission said:

> "The applicant invited 97 representative banking and investment houses, located principally in New York, Baltimore, Chicago, Philadelphia, and Boston, to bid for the purchase of the series B bonds, the bidders to state the purchase price, which was to be not less than 98 percent of par and accrued interest, and to designate in multiples of one-eighth of 1 percent the rate of interest to be borne by the bonds. In response thereto, two bids were received. The more favorable bid, 98.5231 and accrued interest, based on a rate of 4-1/2 percent per annum, was made by Morgan Stanley & Co. on behalf of itself and eight associates, bidding severally, and has been accepted, subject to our approval. On these bases, the average annual cost of the proceeds to the applicant will be approximately 4.60 percent."

At the time of opening of bids, Western Maryland 4% bonds of similar quality were selling on the market for approximately 98.

Applicant understands that the only other bid received by Western Maryland (from Halsey, Stuart & Co.) offered 98.8199 for bonds with a 4-3/4% coupon, which would have produced effective interest cost of approximately 4.84%, or approximately one-quarter point higher than the bid at which sale was effected.

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It is understood that other groups were formed for the purpose of submitting bids for the Western Maryland bonds, but that, after study of the situation, including market conditions, those groups did not submit a bid.

The situation is precisely such as was contemplated by the Commission in its Report of May 8, 1944, in Ex Parte 158, wherein it stated: "Giving consideration to these factors, it is reasonable to conclude that in a steady or rising market competitive bidding will result in higher prices for practically all types of securities, and that in a weak or declining market the reverse will be true as to all types of securities, with the possible exception of those of standard or uniform type and high investment quality."

Consequently, applicant's Chairman of the Board and its President have negotiated directly with certain investment institutions and it is the applicant's belief that several life insurance companies will purchase, as long term investments and not for redistribution, at par, such amounts of the proposed issue of not exceeding $22,388,000 principal amount of the General Mortgage Bonds, series B, as may be required to refund at maturity on July 1, 1952, the First Consolidated Mortgage Bonds then outstanding. Those life insurance companies will be expected to earmark early in January, 1952, funds for the purchase and in such event, applicant will agree to pay a commitment fee of one-half of one percent for the period January 1-June 30, 1952, but no interest will be payable on such new bonds prior to June 30, 1952.

Applicant is convinced that the sale of the bonds to the several life insurance companies as contemplated will result in more advantageous

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than would be obtained from a sale at competitive bidding and that the net cost to the applicant in connection with the refunding also would be much less under such direct placement.

The recent and present investment market is characterized by a heavy demand for term loans by business and industry to finance the expansion of the defense effort. Prior commitments of large investors have reduced the supply of funds available for further loans. With limited supply of funds and heavy demand for loans, investors are able to pick and choose the most desirable loans and at advancing rates of interest. Under the present conditions of heavy demand for long-term funds at increased rates of interest for expansion of business and industry and for residential and commercial construction, the principal former investors in railroad securities, including life insurance companies, savings banks and trusts, have little interest at the present time in making investments in railroad bonds. Satisfactory yields may be obtained from other securities having a higher investment rating. Some investors question the earning ability of some railroads under present conditions of high labor costs, inadequate rates and competitive conditions with other forms of transportation. An advantageous sale and distribution of any sizable volume of railroad bonds through usual marketing facilities under competitive bidding appears under present conditions to be unlikely and such effort might prove to be detrimental to the credit of the railroad.

Not only is the present competitive market unfavorable for the sale of railroad bonds, but the outlook for the market for such securities for the next several months is not favorable. To delay an offering until nearer the July 1, 1952, maturity would invite all of the hazards of a highly uncertain and weak market.

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If securities were sold at competitive bidding in the immediate future, delivery of the bonds would be required within a short time with the result that interest would be payable thereon prior to the need for the money to refund the July 1, 1952, maturity. Thus the payment of duplicate interest on the same money would be required.

Applicant points out that the purchase will be made by investing institutions for their own portfolios, and that there is no question of distribution, or re-sale through security dealers to the public involved. Applicant emphasizes the fact that application is not for authority to sell these bonds to a security dealer by private sale instead of by competitive bidding. The request is for authority to sell the bonds of the applicant directly to insurance company investors.

Specifically, applicant believes it can sell directly to investors the amount of $22,000,000 of General Mortgage Bonds (representing the total amount of Consolidated Bonds outstanding of $22,388,000, less probable retirements of $388,000 through sinking fund operations prior to June 30, 1952), at a net cash saving to the applicant estimated in excess of $500,000 as compared with the result of the only recent sale of railroad bonds to investment bankers at competitive bidding (Western Maryland) on November 15, 1951. This net cash saving in excess of $500,000 will be derived from: (1) the sale of the bonds at par rather than at an under-writer's discount, estimated at 1.45%, or $319,000; (2) plus a saving estimated at $225,000, which represents the duplicate interest on the bonds at the coupon rate from date of sale to June 30, 1952, less a commitment charge of 1/2 of 1% on the direct sale, and less income derived from the temporary investment of bond proceeds in U. S. Treasury Bills. From this total of savings of $544,000, the expense of employing an agent to handle the transaction will be deducted, which expense is estimated at not more than $10,000 or $15,000,

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saving a net saving to the applicant of at least $529,000, from direct sale of these securities as against the estimated cost of the financing if handled through investment bankers at competitive bidding. Conversely, if the bonds were sold at competitive bidding on the basis of the Western Maryland sale, this amount of $529,000 instead of representing a saving would require a cash payment from the applicant's treasury of that amount, which cash payment applicant could ill afford as a weakening of its cash and working capital position. Call prices and other provisions in the bonds sold directly to investors will be equal if not more favorable to the applicant to similar provisions in the most recent issue of railroad bonds sold to investment bankers at competitive bidding.

(7) This special application for authority to sell securities without competitive bidding, rather than the inclusion of request for such exemption in an application filed pursuant to the instructions promulgated by Order of the Commission by Division 4 under date of February 19, 1927, respecting applications filed under Section 20a of the Interstate Commerce Act, is necessary for the reason that the latter application, which will be duly filed, can be more definitively and more expeditiously prepared if it is known in advance that the requirement of competitive bidding will be waived, and if definite assurance to that effect can be extended to the life insurance companies which early in January, 1952, will be expected to earmark funds for the purchase. Applicant believes it to be prudent to have the funds for meeting its July 1, 1952, maturity earmarked as promptly as possible.

(8) The name, title and post office address of counsel for applicant to whom correspondence in regard to the application should be addressed is C. C. Howell, General Counsel, Atlantic Coast Line Railroad Company, Wilmington, N. C.

WHEREFORE, applicant respectfully prays that the Commission will grant its application and will exempt from the requirement of competitive bidding the sale of the securities described herein.

Respectfully submitted,

ATLANTIC COAST LINE RAILROAD COMPANY

By C. McD. Davis
President.

STATE OF NORTH CAROLINA :
: ss
COUNTY OF NEW HANOVER :

C. McD. Davis makes oath and says that he is President of Atlantic Coast Line Railroad Company, applicant herein; that he is duly authorized to verify and file with the Interstate Commerce Commission the foregoing Special Application for Authority to Sell Securities Without Competitive Bidding; that he has carefully examined all of the statements referred to in said application; that he has knowledge of the matter set forth in such application and that all such statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief.

C. McD. Davis

Subscribed and sworn to
before me, a Notary Public
in and for the State and County
above named, this 21st day of
December, 1961.

(Seal)

P. W. Killian
Notary Public
My commission expires February 28, 1962

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INTERSTATE COMMERCE COMMISSION

FINANCE DOCKET NO.17583

ATLANTIC COAST LINE RAILROAD COMPANY COMPETITIVE BIDDING EXEMPTION

Submitted January 7, 1952. Decided January 10,1952

Found that, subject to authorization by this Commission in a subsequent proceeding of the issue by the Atlantic Coast Line Railroad Company of not exceeding $22,388,000 of general-mortgage bonds, series B, the sale by the applicant of such bonds at competitive bidding should not be required.

C. C. Howell, for applicant.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS MAHAFFIE, ROGERS, AND MITCHELL

BY DIVISION 4:

The Atlantic Coast Line Railroad Company, by a special application filed on December 26, 1951, requested exemption, pursuant to Exception (7), Ex Parte 158, 257 I.C.C. 129, 164, from the requirement that not exceeding $22,388,000 of general-mortgage bonds, series B, be offered for sale at competitive bidding. No objection to the application has been offered.

The applicant has not yet filed an application under section 20a of the Interstate Commerce Act for authority to issue the bonds. The bonds will be secured by the applicant's general mortgage, ratably with bonds of other series under that mortgage, will be dated June 30, 1952, will be issuable in coupon form, registrable as to principal, in the denomination of $1,000, and in registered form without coupons in the denomination of $1,000 or any multiple thereof, will bear interest at the lowest rate at which they may be sold at par, and will mature June 30, 1972. The applicant states that although investment market conditions for selling any large volume of railroad bonds are uncertain at this time, it believes that the coupon rate at which the bonds may be sold by direct sale will not exceed 4 1/2 percent per annum, with a likelihood that the rate may be somewhat lower. The bonds will be callable on 30 days' notice at not in excess of 104 and accrued interest, and at declining premiums after the first year, thereby assuring the opportunity for refunding on short notice at any time the market becomes favorable.

The purpose of the issue of the bonds is solely to provide funds by the sale thereof for the payment at maturity of all of applicant's then outstanding first consolidated mortgage 4-percent bonds due July 1, 1952, hereinafter called the outstanding bonds, together with interest thereon to

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maturity, and the proceeds of such sale will be deposited with the trustee of the first consolidated mortgage for that purpose and in order to procure the satisfaction and release of that mortgage.

Our order of May 26, 1950, in Finance Docket No. 16961, Atlantic Coast Line R. Co. Bonds, 275 I.C.C. 812, authorized the applicant, among other things, to issue not exceeding $50,724,000 principal amount of general-mortgage 4-percent bonds (4 1/2-percent until September 1, 1952), series A, due March 1, 1980, in exchange for an equal principal amount of the outstanding bonds. In response to the offer of exchange, holders of the outstanding bonds exchanged $27,536,000 principal amount of such bonds for an equal principal amount of general-mortgage bonds, series A. Subsequently the applicant acquired an additional $800,000 principal amount of the outstanding bonds. Therefore, the principal amount of the outstanding bonds which will mature July 1, 1952, will not exceed $22,388,000.

Officers of the applicant have for more than a year been exploring methods of refunding the outstanding bonds, and have consulted with bankers, investment counsel, securities dealers, and representatives of investing institutions. As a result of those consultations, the applicant ascertained that the railroad bond market has been and continues to be weak and unfavorable, and that the condition of the market for railroad bonds is such that the proposed issue cannot be sold advantageously through competitive bidding at present or in the immediate future. The applicant cites the recent sale at competitive bidding of $14,950,000 of general-mortgage 4 1/2-percent bonds, series B, due November 1, 1976, by the Western Maryland Railway Company, as confirming its conviction in that respect. See Finance Docket No. 17527, Western Maryland Ry. Co. Bonds, 282 I.C.C. ___, decided November 27, 1951. In that proceeding two bids were received and the bonds were sold at 98.5231 and accrued interest, based on an interest rate of 4 1/2 percent per annum, an average annual cost of the proceeds to the Western Maryland of approximately 4.60 percent. At the time of opening of bids, Western Maryland 4-percent bonds of similar quality were selling on the market at approximately 98. It is the applicant's understanding that other groups were formed for the purpose of submitting bids for the Western Maryland bonds, but that, after study of the situation, including market conditions, those groups did not submit bids.

Consequently, certain of the applicant's officers have negotiated directly with investment institutions and it is the applicant's belief that several life insurance companies will purchase at par, as long-term investments and not for redistribution, such amounts of the proposed issue of not exceeding $22,388,000 principal amount of the general-mortgage bonds, series B, as may be required to provide funds to refund at maturity on July 1, 1952, the then outstanding bonds. Those life insurance companies will be expected to earmark early in January 1952, funds for the purchase of the new bonds, and in such event the applicant will agree to pay a commitment fee of one-half of 1 percent for the period January 1-June 30, 1952, but no interest will be payable on such new bonds prior to June 30, 1952. The applicant is convinced that the sale of the bonds to the several life insurance companies as contemplated will result in more advantageous terms than would be obtained

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from a sale at competitive bidding and that the net cost to it in connection with the refunding also will be much less under such direct placement.

The applicant states that the recent and present investment market is characterized by a heavy demand for term loans by business and industry to finance the expansion of the defense effort. Prior commitments of large investors have reduced the supply of funds available for further loans. With limited supply of funds and heavy demand for loans, investors are able to pick and choose the most desirable loans and at advancing rates of interest. Satisfactory yields may be obtained from other securities having a higher investment rating than railroad bonds. In the applicant's opinion, an advantageous sale and distribution of any sizable volume of railroad bonds through usual marketing facilities under competitive bidding appears under present conditions to be unlikely and such effort might prove to be detrimental to the credit of the railroad. The applicant states that not only is the present competitive market unfavorable for the sale of railroad bonds, but the outlook for the market for such securities for the next several months is not favorable, and to delay an offering until nearer the July 1, 1952, maturity would invite all the hazards of an uncertain and weak market. If the bonds were sold at competitive bidding in the immediate future, delivery would be required within a short time, with the result that interest would be payable thereon prior to the need for the money on July 1, 1952, resulting in duplicate interest.

It is pointed out that the purchase of the bonds will be made by investing institutions for their own portfolios, and that there is no question of distribution or resale through security dealers to the public involved. The applicant believes it can sell the bonds directly to investors at a net cash saving to it estimated in excess of $500,000 as compared with the result of the only recent sale of railroad bonds to investment bankers at competitive bidding, namely the Western Maryland bonds mentioned above. Details of the estimated net cash saving to the applicant are given in the application. Call prices and other provisions in the bonds proposed to be sold directly to investors will be equal, if not more favorable to the applicant, to similar provisions in the most recent issue of railroad bonds sold to investment bankers at competitive bidding.

The special application for exemption from the competitive bidding requirement, rather than the inclusion of a request for such exemption in an application filed under section 20a of the Act, is necessary, in the applicant's opinion, for the reason that the latter application, which will be duly filed, can be more definitively and more expeditiously prepared if it is known in advance that the requirement of competitive bidding will be waived, and if definite assurance to that effect can be given to the life insurance companies which will be expected to earmark funds for the purchase of the bonds as stated above. The applicant believes it to be prudent to have the funds for meeting its July 1, 1952, maturity earmarked as promptly as possible.

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Nothing contained herein is to be construed as authorization by us of the issue of the bonds.

In view of the foregoing, we find that, subject to our authorization in a subsequent proceeding of the issue at not less than par by the Atlantic Coast Line Railroad Company of not exceeding $22,388,000 of general-mortgage bonds, series B, the sale by it of such bonds at competitive bidding should not be required.

By the Commission, division 4.

W. P. BARTEL,

(SEAL) Secretary.

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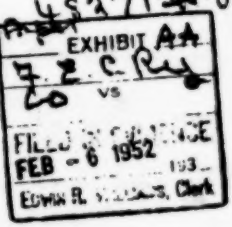
Interstate Commerce Commission

Washington 25



I, W. P. BARTEL, Secretary of the INTERSTATE COMMERCE COMMISSION, do hereby certify that the attached are true copies of Exhibits No. 12 and 12-A, filed at the hearing held February 20, 1951, at Washington, D. C., in Ex Parte No. 175, Increased Freight Rates, 1951, the originals of which are now on file and of record in the office of said Commission.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said Commission this 18th day of January, A. D. 1952.

W. P. Bartel

SECRETARY OF THE INTERSTATE COMMERCE COMMISSION

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EXHIBIT NO.

Filed Feb. 2

Before

INTERSTATE COMMERCE COMMISSION

Ex Parte No. 175

INCREASED FREIGHT RATES, 1961

Testimony of

Champion McD. Davis, President,
Atlantic Coast Line Railroad Company

My name is Champion McD. Davis and I reside at Wilmington, N. C.

I am President of Atlantic Coast Line Railroad Company, also President of Charleston & Western Carolina Railway Company, of Winston-Salem Southbound Railway Company, and of other smaller railroads which are subsidiaries or affiliates of Coast Line, as well as President of certain jointly owned union stations and terminal companies.

I entered the service of Wilmington & Weldon Railroad, parent predecessor of present Atlantic Coast Line Railroad Company, as a messenger boy on March 1, 1893; nearly 58 years ago.

All of my business life has been spent in the service of the Coast Line and its predecessors, except for two intervals; one, a brief period in 1898 when I volunteered for Spanish-American War service and was mustered into the volunteer army with Co. "K", 2nd North Carolina Infantry, United States Volunteers; the other during Federal control of railroads in the days of World War I when I was detached from Coast Line service and assigned temporarily to the staff of U. S. Railroad Administration, Southern Region, with office at Atlanta, Ga., serving there from 1918 to 1920 as a member of Southern Freight Traffic

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Committee, U. S. Railroad Administration. Upon termination of Federal control, I remained in Atlanta until 1921 as a member of Southern Freight Rate Committee, which Committee represented southern rail and water carriers. Thereafter, I returned to the service of the Coast Line.

My Coast Line service has embraced positions in the Traffic Department from clerk-stenographer to Freight Traffic Manager. I became Vice-President in Charge of Traffic in 1928; Vice-President, All Departments in 1939; Executive Vice-President in 1940; and President in 1942, in which position I have continued since.

As basis for my presentation I offer my Exhibit No. _____ consisting of 9 sheets. That exhibit was prepared by, or under the supervision of, Coast Line's Accounting Department and, to the best of my knowledge and belief, the contents of the exhibit are correct.

For convenience, I shall discuss the figures in that exhibit as well as other figures to which I may refer in terms of "round" figures only.

Sheet 2 contains statement showing Net Railway Operating Income, and Net Income for years 1948, 1949, and 1950, and for 1951 estimated on basis of both present freight rate levels and on basis of including increases interstate sought in this proceeding, with assumption of authorization intrastate, as well as interstate, of requested increases.

1948 Net Railway Operating Income was	$ 5,127,000
1949 Net Railway Operating Income was	6,754,000
1950 Net Railway Operating Income was	9,817,000
1951 Net Railway Operating Income, on basis of present freight rate revenues is estimated to be	7,804,000

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1951 Net Railway Operating Income, based on inclusion of increases sought in this proceeding, with assumption of intrastate as well as interstate application, is estimated to be	$ 9,469,000
1948 Net Income was	$ 7,685,000
1949 Net Income was	7,743,000
1950 Net Income was	12,779,000
1951 Net Income, on basis of present freight rate levels, is estimated to be	10,299,000
1951 Net Income, based on inclusion of increases sought in this proceeding, with assumption of intrastate as well as interstate application, is estimated to be	12,499,000

The striking feature of the operating results shown on sheet 2 is that, if and when the full increases sought in this proceeding are granted for application both interstate and intrastate, both Net Railway Operating Income and Net Income for 1951 are estimated to be less than Net Railway Operating Income and Net Income, respectively, for 1950.

Of course, as indicated in footnote on sheet 2, there is included in 1950 revenues $1,574,000 of retroactive mail pay which is not attributable to year 1950 but rather to the period February 19, 1947, to December 31, 1949. However, Railway Tax Accruals for year 1950 likewise include Federal and State Income Taxes applicable to that amount of retroactive mail pay.

The explanation of the expected lesser Net Railway Operating Income and lesser Net Income is, of course, the increased wage levels which will be in effect during 1951.

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The petition of railroads for authority to increase freight rates and charges, dated January 16, 1951, relates the details of negotiations with railroad operating employee organizations, and the estimate of operating expenses for 1951 reflects the wage increases granted the members of Railroad Yardmasters of America effective October 1, 1950, (on Coast Line switchmen are represented by the Brotherhood of Railway Trainmen and not the Switchmen's Union of North America) and wage increases to the remaining operating employees, based upon the Memorandum of Agreement, dated December 21, 1950, not yet ratified within the employee organizations. As pointed out in the petition, it is clear that the railroads will not receive more favorable wage settlement terms than those which constitute the basis of the Memorandum of Agreement of December 21, 1950.

Moreover, Coast Line, along with the other railroads, is confronted with demands for increases in wages by substantially all classes of non-operating employees, and Coast Line's estimate of Operating Expenses for 1951 does not take into account such wage increases as may be awarded to non-operating employees.

The estimate of Operating Expenses for year 1951 reflects increases in prices of materials and supplies as of December 19, 1950, but not increases as subsequently may have become effective.

It is observed that it would require only modest increases in wages of non-operating employees, or require further modest increases in prices of materials and supplies, or a combination of the two, to reduce the estimated 1951 Net Railway Operating Income and Net Income quite substantially below Net Railway Operating Income and Net Income for year 1950.

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1951 Net Railway Operating Income, based on inclusion of increases sought in this proceeding, with assumption of intrastate as well as interstate application, is estimated to be	$ 9,469,000
1948 Net Income was	$ 7,685,000
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1950 Net Income was	12,779,000
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not increases as subsequently may have become effective.

It is observed that it would require only modest increases
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uce the estimated 1951 Net Railway Operating Income and Net Income
te substantially below net Railway Operating Income and Net Income
year 1950.

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I think I should indicate something of the nature of the rise in price levels with which Coast Line, in common with other railroads, has been faced, together with a few examples.

On January 1, 1950, diesel fuel oil cost Coast Line 8.6 cents per gallon; on January 1, 1951, the cost had risen to 9.6 cents per gallon, an increase of one cent per gallon. On basis of estimated consumption during 1951, this increase will mean for Coast Line total increased cost of $638,500.

Untreated cross ties on January 1, 1950, cost Coast Line an average of $1.42 each; on January 1, 1951, the average cost had risen to $1.89 each, an increase of 47 cents per cross tie. On basis of estimated purchases during 1951 (if we are able to obtain the ties in the needed volume) this increase will mean for Coast Line total increased cost of $705,000.

The increase in cost of steel rail, January 1, 1951, compared with January 1, 1950, was $4.00 per ton. On basis of orders placed for 1951 delivery, (if we are able to obtain full stated requirements of rail) this increase will mean for Coast Line total increased cost of $272,400.

A few other examples:

	January 1, 1951	January 1, 1950	Increase
Steel plates (per ton)	$ 80.00	$ 76.00	$ 4.00
Car siding (per thousand FBM)	177.00	125.00	52.00
Car lining (per thousand FBM)	77.00	63.00	14.00
Car flooring (per thousand FBM)	125.00	95.00	30.00
Journal box packing (per pound)	25½¢	13-3/4¢	11-3/4¢
Cotton waste (per pound)	15¢	9½¢	6½¢

In addition to increases in wage rates, we are faced with increased labor costs because of the manpower problem, which is beginning to manifest itself. Unemployment is presently at a low level, and the Armed Services will take the younger men at the age when they usually

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commence work. As result, we can expect a great amount of overtime work at penalty rates in 1951.

The overtime problem is now much more expensive than during World War II, for the reason that penalty rates must now be paid to more than two-thirds of railroad employees for the sixth day of work per week, while prior to September 1, 1949, penalty rates of pay did not begin until the seventh day of work per week.

Employees lost to the Armed Services will have to be replaced with inexperienced workers, with consequent loss of productivity per dollar of wages.

The shrinking margin between revenues and expenses is exemplified by the fact that Railway Operating Revenues for year 1951, on basis of present freight rate levels, are estimated to be approximately $10,700,000 greater than for year 1950, and on basis of present freight rate levels, plus rate increases sought in this proceeding, approximately $16,950,000 greater than for year 1950. The expected increase in Gross Revenues is based, of course, upon anticipated acceleration of freight traffic and passenger travel because of international developments. However, as previously stated, expected increase in Operating Expenses, Equipment Rents, and Railway Tax Accruals is greater than expected increase in Railway Operating Revenues, therefore, Net Railway Operating Income is expected to be less in 1951 either on basis of present freight rate levels, or upon basis of present freight levels plus increases sought in this proceeding.

Coast Line's Railway Operating Expenses for year 1951, estimated on basis of present freight rate levels, are expected to be some $11,300,000 greater than for 1950, and estimated at present freight rate levels plus increases sought in this proceeding Operating

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Expenses for 1951 are estimated to be approximately $13,800,000 greater than for 1950 (because of increased freight charges which must be paid on materials and supplies, also some restoration of maintenance forces which is necessary).

Sheet 3 of my exhibit contains statement showing Operating Revenues, Operating Expenses, Taxes, Equipment and Joint Facility Rents, Net Railway Operating Income, Operating Ratio, and Rate of Return on Investment, Years 1939-1951, (1951 estimated with and without the freight rate increases sought in this proceeding).

The statement begins with year 1939 so as to show a comprehensive picture of results of operations prior to World War II; during those war years; during the brief post war period, and under the present unsettled conditions.

It will be noted that in only one of the years shown on the statement (1942) did Rate of Return on Investment exceed the 6% Rate of Return recognized by Congress in the Excess Profits Act of 1951 as proper return for railroads. In 1948 and subsequent years, Rate of Return on Investment has exceeded 2% in only two years, namely, 1949 and 1950, due to rigid control of Operating Expenses in those years, to which I shall refer later.

On basis of present freight rate levels, Rate of Return on Investment for year 1951 is expected to be 2.1%, and on basis of present freight rate levels plus increases sought in this proceeding, effective both interstate and intrastate, Rate of Return is expected to be only 2.5%

Rate of Return on Investment was calculated on basis of the formula generally used by railroads and for year 1950 contains some element of estimate.

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The formula used and the investment base for Coast Line developed thereby was, as of December 31, 1949:

Investment in Railway Property used in transportation service	$392,000,000
Material and Supplies	11,000,000
Cash	14,000,000
Gross Investment	$417,000,000
Accrued depreciation and amortization	92,000,000
Net Investment	$325,000,000

On December 15, 1950, the Bureau of Valuation, Interstate Commerce Commission. released statement captioned, "Elements of Value of Property Used in Common Carrier Service, January 1, 1950." If the investment base as developed from that statement had been used, the formula for Coast Line would produce the following:

Original Cost, except land and rights	$371,000,000
Present value of land and rights	23,000,000
Working capital, including material and supplies	8,000,000
Gross investment	$402,000,000
Accrued depreciation and amortization	92,000,000
Net Investment	$310,000,000

Thus, insofar as Coast Line is concerned, there is comparatively little difference between the basis generally used by railroads and the basis developed from the Bureau of Valuation statement.

Coast Line's Rate of Return on Investment on each of the two bases for years 1949 and 1950, and for 1951 estimated both with and without the freight rate increases sought, would compare:

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	Based on Formula Generally Used By Railroads	Based on Commission's Formula
1949	2.1	2.2
1950	2.8	3.0
1951, estimated on basis of present freight rate levels	2.1	2.2
1951, estimated on basis of present freight rate levels plus increases sought	2.5	2.8

As I have testified previously (in Ex Parte 168) Rate of Return is a significant yardstick, but what Coast Line and other railroads need is not "percentage" but "dollars", and dollars are needed to maintain and improve the service so necessary at this time of national emergency when this nation is so dependent on its railroads. Dollars can come only from earnings.

Further, Rate of Return itself has lost much of its significance, for the reason that a very substantial part of the investment base by which Rate of Return is measured was placed in the Property account when the purchasing power of the dollar was very much greater than it is today. Depreciation accrued upon that earlier dollar amount of investment, including that part incurred in even recent years, is not sufficient in present-day purchasing power to maintain the railroad plant in condition to render the service to which the nation, the shipping and traveling public is entitled.

If reproduction costs as of today were used instead of original investment, the Rate of Return would, of course, be very much less.

I believe the Coast Line is a reasonably representative Southern railroad although its rates of return in recent years have been somewhat less than the average shown in Dr. Barnes's exhibit for Class I Southern Railroads.

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Coast Line derives a much greater proportion of its total Railway Operating Revenues from passenger operations than do Class I railroads generally.

Sheet 4 of the exhibit shows Gross Revenues from Operations broken down separately into Freight Revenue and principal items of Passenger Train Revenues, namely, Passenger, Mail and Express Revenue; also Other Revenues for years 1945 through 1950. Because of the heavy passenger traffic of the war years, it was not considered necessary, or informative, to commence this statement earlier than 1945.

It will be observed that, while the effect of World War II upon passenger travel was noticeable in years 1945 and 1946, and in 1947 and subsequently, Passenger Revenues have continued to represent a sizable proportion of Coast Line's total Gross Revenues, and may be expected to temporarily continue during present conditions to assume important proportions. Passenger Revenue has, however, exhibited an unbroken downward trend since 1945, yet no increase in passenger fares has been made effective in the South since October, 1947, (as to first class fares) and March, 1948, (as to coach fares) and none is now being sought.

Wage increases apply equally to employees engaged in passenger train operations as to those in freight train operations, also to diesel fuel oil and to fuel coal, as well as other materials and supplies, cost being the same and reflecting the same increase in price whether used in passenger or freight train operation.

I have referred to the unbroken downward trend of Coast Line Passenger Revenue from 1945 through 1950; reverting to sheet 2, it will be noted that an increase is expected for 1951 over 1950, such estimated increase being predicated largely upon temporary expansion of military

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travel.

It is probably unnecessary to point out that under the Commission's formula for allocation of Passenger Train Revenue and Expenses, very little of the passenger train service of the nation is operated at a profit. It may be urged that a substantial increase in the defense effort will provide sufficient military travel again to temporarily restore passenger train operations to an over-all profitable temporary level but, in view of the increases in wages and the costs of materials and supplies which have taken place since World War II without commensurate increase in passenger fares, I cannot foresee any such result.

While passenger travel is expected to temporarily rise in 1951 because of military travel anticipated to result from the three million citizens likely to be in uniform by late 1951, it is not anticipated, except in the event of all-out war, that passenger travel will be on the scale temporarily of what it was in World War II, when our country had twelve million citizens under arms. At that time railroad passenger travel also benefited from the then existing gasoline rationing, tire shortages and restricted air travel.

On the subject of passenger deficits, I should like to point out that Coast Line main line through long haul trains are generally in themselves slightly profitable and that it is only when branch line local passenger trains are thrown in together with main line through trains that the Commission's formula produces an over-all passenger deficit.

Coast Line has for some years been seeking to curtail unprofitable branch line and local passenger train service but the slowness of State Commissions in acting upon our applications for authority for such curtailment, and reluctance of State Commissions to grant such authority,

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resulting at times in the necessity of seeking relief through the Federal Courts, have produced a situation under which the results are not as favorable as they should have been.

Up to the mid-1920's Coast Line was able to pursue a reasonably regular and reasonably adequate program of supplementing power and equipment ownership and of strengthening and maintaining Coast Line's roadway, structures, and other facilities up to date. Then, with the advent of the Florida "boom" and the consequent greatly expanded volume of business, substantial additions to Coast Line's power and equipment ownership, over and above what might have been required normally, became necessary and some of that equipment became surplus in the depression years shortly following the Florida "boom" period. Following the depression years came the heavy demands of the World War II years. Then followed the post-war years in which our traffic and earnings slipped seriously until there was an upturn with the Korean development. Coast Line's needs for power and equipment, also roadway rehabilitation and improvements, can best be understood, I think, through reviewing its experiences through these periods of ups and downs.

Before elaborating upon Coast Line's present and prospective need for retained earnings to improve the property and thereby improve the service which Coast Line must render, I am reminded of a statement contained in the report of the Truman Committee Senate Report 10, Part 13, 78th Congress, First Session (page5). "Any policy which fails to provide for maintenance of transportation capacity in excess of anticipated demands is shortsighted, and invites disaster."

The situation now confronting us demonstrates more than ever the correctness of that statement. Coast Line is seeking to do its part in providing the needed excess capacity, but can do so only if

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sufficient funds can be retained from earnings and obtained through borrowed capital. New capital can be borrowed only if earnings are adequate to preserve the credit of the railroads.

Sheet 5 contains statement of power and equipment at:

(1) January 1, 1927 (end of Florida boom),

(2) January 1, 1939 (beginning of program of rehabilitation of power and equipment ownership after the depression), and

(3) December 31, 1950.

Sheet 5 also shows power and equipment on order by Coast Line at:

(4) December 31, 1950.

Sheet 5 also contains tabulation of power and equipment installed, as well as retired, during periods January 1, 1927, through December 31, 1938, and January 1, 1939, through December 31, 1950.

During the latter period, there were installed the following units of new, or completely rebuilt, equipment, namely:

280 diesel locomotive units,

146 lightweight streamlined passenger train cars,

16,559 freight train cars.

Additional units of partially rebuilt conventional weight passenger train cars have been placed in service and the remainder of total installations shown on sheet 5 is made up of deteriorated and almost obsolete equipment acquired with the property of AB&C RR (merged with Coast Line January 1, 1946), as shown in footnote on sheet 5.

In acquiring Atlanta, Birmingham & Coast Railroad, Coast Line added more than 600 miles to its system, providing gateway connections at Birmingham and Atlanta between the West and Southwest and Florida and Georgia; but the former AB&C contributed only a handful of service-

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able power and equipment, and even that had become deteriorated and obsolete, as is apparent from that portion of footnote on sheet 5 showing the approximate age of the equipment at time the two railroads were merged.

I call attention particularly to what is shown on sheet 5 with respect to freight train car ownership.

At January 1, 1927, ownership of freight train cars amounted to 34,590 units. Of course, those units were generally of lesser carrying capacity than present-day freight train cars.

At January 1, 1939, total ownership of freight train cars had declined to 21,603 units, and at December 31, 1950, aggregated 28,685 units.

On order at December 31, 1950, was a total of 1,900 freight train cars, thus bringing total cars in service and on order at December 31, 1950, to 28,585 units.

Additionally, Coast Line entered into an agreement with The Equitable Life Assurance Society of the United States under which Equitable is causing to be built for Equitable's account a total of 1,800 freight train cars which Equitable in turn is leasing to Coast Line on a per car per day rental basis.

Through January 26, 1950, a total of 1,032 of the cars leased from Equitable had been received, leaving 768 to be delivered.

Equitable's lease plan for obtaining freight car equipment is now generally well known.

When the 1,800 cars are obtained by Coast Line from Equitable, under lease, and added to the 28,585 cars in service, or on order at December 31, 1950, the total becomes 30,385 freight train cars.

During the period January 1, 1939, to December 31, 1950, a total of 11,477 freight train cars were retired. Such retirements were

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accomplished earlier in the period and before World War II demands were fully realized.

The policy of retiring cars was discontinued by Coast Line during World War II, a policy of rebuilding or repairing being adopted instead. After World War II, only a relatively few freight train cars were retired and a few months ago, in 1950, the policy was adopted of not dismantling any freight car equipment (or any power or passenger train equipment, for that matter), but instead a policy of rebuilding or fully repairing unserviceable units was adopted. The rebuilding program extends to all types of freight cars and no attempt has been made to estimate its over-all cost over the next few years; however, the cost will run into millions of dollars.

Therefore, Coast Line's ownership of freight car equipment will not drop below the level represented by cars presently in service and cars on order, except possibly to the extent that an occasional car might be completely destroyed by accident or fire.

The particular significance of sheet 5 is the number of units on order December 31, 1950, to pay for which units funds must be found.

A total of 125 diesel units of various types will cost in the neighborhood of $19,000,000; the 1,900 freight train cars of various types will cost in the neighborhood of $10,000,000.

Thus, Coast Line has on order power and equipment representing aggregate cost of about $29,000,000 (excluding cars leased from Equitable which latter will be paid for on per car per day rental basis).

The question may arise as to the extent to which the cost of the diesel power and equipment may be written off in a five-year period under the provisions of the Revenue Act of 1950, which permits five-year amortization for tax purposes of facilities and equipment covered by

certificates that such facilities and equipment are necessary in the interest of national defense.

Coast Line will seek this special amortization privilege on all of the power and equipment on order, and believes Coast Line is entitled to the special amortization privilege. However, while the savings in taxes under the amount of taxes which we might otherwise be required to pay will, admittedly, be helpful in meeting the capital requirements of this new equipment, the amortization charges to Operating Expenses is merely a bookkeeping charge and before a dollar of amortization becomes a real dollar available for capital purposes, that dollar must be obtained through earnings. In other words, we must earn amortization just as we must earn dollars to cover other Operating Expenses.

In passing I should like to point out that the income estimates for 1951 shown on sheet 2 of my exhibit contain in Operating Expenses no estimate for amortization and likewise no credit in tax accruals on that account. While we hope that certificates permitting amortization will be obtained on as great a part of the cost of the power and equipment on order as possible, should any estimate be included on that account, the result would be to reduce Net Railway Operating Income below that presently estimated, since the tax savings would not, of course, equal the entire amortization charges.

Sheet 6 brings down to date Coast Line's roadway rehabilitation program by showing basic elements of the needed intensive program begun in 1943 of strengthening track structure, which was particularly needed because of meager and delayed installation of new and heavier rail, cross ties and ballast for some years prior to 1943.

The roadway rehabilitation program begun during the latter part of 1943 contemplated, as its first phase, relaying and strengthening

of the double track principal main line between Richmond, Va., and Jacksonville, Fla., thence the largely single track Jacksonville to Tampa, Fla., with rail of 131-lb. section in replacement of 100-lb. rail between Richmond and Jacksonville, also on the 25-mile segment, Lakeland to Uceta, of the Jacksonville-Tampa main line, the remainder of which Jacksonville-Tampa main line is being laid with 115-lb. rail in replacement of 100-lb. rail.

Beginning in 1943 and continuing through December 31, 1950, there had been placed in track a total of 1,317 track miles of 131-lb. rail and 164 track miles of 115-lb. rail in replacement of 100-lb. rail. There remain on the Jacksonville-Tampa segment of the principal main line some 65 track miles of 115-lb. rail yet to be relaid.

Continuance of the present program contemplates laying 32 track miles of 131-lb. rail between Waycross, Ga., and Dupont, Ga., and 202 track miles of 115-lb. rail in various secondary main lines, in addition to rail required to complete the Jacksonville-Tampa segment of the principal main line.

The serviceable 100-lb. rail released from track by substitution of rail of heavier weights is cropped 18 inches on either end and reconditioned for re-use in important secondary main lines.

The figures on sheet 6 with respect to cross ties placed in track and ballast placed in track speak largely for themselves.

I call particular attention to fewer number of cross ties placed in track in 1950, compared with the several immediately preceding years. Many more cross ties would have been placed in track had we been able to obtain them, but cross tie requirements are becoming increasingly more difficult to fill.

Along with the track work referred to has gone an immense

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unt of roadbed strengthening, improved drainage under and also parallel- track, improved roadway structures, and strengthening of bridges, trestles, c.

The entire roadway rehabilitation program on Coast Line has oceeded at a slower rate than is desirable, first because of difficulties obtaining labor and materials, particularly new rail during World War period (and thereafter new rail has continued to be difficult to obtain); d, second, because the materially increased cost of operation, compared th decline in revenues, made necessary at times a deceleration of the ogress of the program, it having been necessary to reduce roadway forces, tra gangs, and size of section gangs substantially in 1946 and in 1947. rtial restorations were made in 1948, but in 1949 further substantial ductions had to be made, which are only just now being partially re- tored; further restoration is most desirable.

Reverting to sheet 2, it will be noted that in 1949 as compared ith 1948, there was decrease in Gross Revenues, yet an increase in Net ailway Operating Income, produced to some extent by control of Trans- ortation Expenses but also by the sacrifice of the maintenace program, oth Way and Structures and Equipment.

Whatever was saved in Transportation Expenses represented avings, but whatever on the surface appeared to be savings in Maintenance xpenses largely represented deferment to a later period of work which ust be done, and, unfortunately, at a greater cost in the latter period. ndefinite deferment of such work is, of course, impracticable if Coast ine is to meet the demands of these critical times and maintain its proper osition in the nation's transportation economy.

I bring to your attention also signaling work which Coast Line s required to do under outstanding orders in Dockets 28750, 28750 sub

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No. 16, and 29543.

Under those orders of the Commission, Coast Line is required to:

Modernize its signaling between Richmond, Va., and Orlando, Fla.

To extend signaling between Orlando and Tampa, Fla.

To install a system of block signals between Atlanta, Ga., and Waycross, Ga., and between Montgomery, Ala., and Jesup, Ga.

Those orders require modernization of existing signaling and installation of new signals on 2,115 track miles, including more than 650 miles of second main line.

While steps were taken promptly to comply with the several orders of the Commission, the program has progressed slowly due to difficulty in obtaining materials and recruiting skilled labor, and through December 31, 1950, modernized signaling had been placed in service on only approximately 262 miles of road (largely double track segment, or total of 522 track miles).

At January 1, 1951, there still remained 1,593 track miles to complete, the estimated cost of which, at current wage and price levels, is approximately $15,520,000.

An additional requirement under order of April 29, 1946, in Docket 28750 sub No. 16, is the completion of block signal system on or before July 1, 1951, on all segments where speed of 60 miles per hour or more is to be observed.

As the roadway rehabilitation program becomes extended to additional secondary main lines, it is desirable, in the interest of better service, to increase the speed of trains operating on such secondary main lines to 60 or more miles per hour. Signaling which must be installed on such secondary main lines if Coast Line is to render the

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ce representing the potential capacity of its roadbed and track
ture is estimated to cost an additional $8,000,000.

I call attention to sheet 7 of my exhibit which shows some
e cash requirements to which Coast Line is committed for capital
ditures, from January 1, 1951, through December 31, 1955.

The statement does not purport to include all of Coast Line's
requirements for capital purposes during that period but only re-
ments for the more outstanding items of necessary, and in many
mandatory, expenditures.

Lines 4 through 7 on sheet 7 show requirements for principal
allments payable on Equipment Trusts and Conditional Sale Agreements,
ectively, covering power and equipment already purchased and now in
ice. These are definite obligations already entered into covering
r and equipment already purchased and in service.

Lines 8-12, sheet 7, show estimated principal installments
made on equipment on order, but undelivered, at January 1, 1951, to
h I have briefly referred and for which I have indicated the necessity.

Lines 13 to 15 represent only the capital requirements (Property
stment Account) for the program for modernization and extension of
aling, which, as I have explained, is mandatory under orders of the
ission. The cost of such program will, of course, include charges
perating Expenses and other accounts, as well as to Property Invest-
Account.

I have not included on sheet 7 the cost of the rail relaying
ram, since the greater part of such program consists of replacing
lb. rail with 115-lb. rail and, after salvage, the charge to capital
unt is relatively small. However, there will be quite substantial
ges to Operating Expenses in connection with the rail relaying programs

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and funds to meet such charges can be obtained only through adequate earnings.

Line 17 on sheet 7 shows maturity on July 1, 1952, of $23,188,000 of outstanding First Consolidated Mortgage 4% Bonds. On somewhat similar statements introduced in previous proceedings, the principal amount of such bonds was shown as $50,724,000.

In 1950, the Coast Line created a new mortgage known as its General Mortgage, obtained authority to issue Series A Bonds thereunder, and to offer to holders of First Consolidated Mortgage Bonds due July 1, 1952, the General Mortgage Series A Bonds in exchange for such bonds.

Under that offer, a total of $27,536,000 of First Consolidated Mortgage Bonds were exchanged for General Mortgage Series A Bonds.

I do not, of course, intend to say that the remainder of 1952 bond maturity will be met with treasury cash, but the maturity represents an early financial undertaking and it is unnecessary to point out that to effect on reasonable terms refunding, Coast Line should, between now and 1952, earn to maintain its credit a reasonable return upon its investment.

The amounts of capital requirements over the next five years for expenditures to which Coast Line is committed speak for themselves, and show that Coast Line must find about $64,000,000 to meet those commitments, which are made up of:

Principal installments on existing equipment obligations	$22,164,464
Principal installments covering power and equipment on order and undelivered	8,417,000
Modernization and extension of signaling	10,000,000
First Consolidated Mortgage Bonds maturity July 1, 1952	23,188,000
Total -	$63,769,464

The Coast Line, like other railroads, is seeking adequate earnings to enable it to grow, to provide that excess capacity contem-

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plated by the Truman Report, to which I have referred, to further improve Coast Line's physical plant and facilities, looking not only to betterment of service but also toward lowering of operating costs, and to be in position to measure up to the demands that are being and will be made upon it in this time of national emergency.

Coast Line does not seek from freight rates additional earnings to hoard, but to spend on betterment of the property and protection of credit, that Coast Line may be able fully to meet the needs of the nation and its people in this critical time.

It should be observed that it is prudently necessary to spend money in order to save money in Operating Expenses. The consequent savings in Operating Expenses will be of benefit to the users of rail transportation service as well as to the creditors of the railroads.

Coast Line prides itself on having never defaulted on an interest payment on bonds or other securities, nor in failing to meet a maturity. Coast Line's obligations to its security-holders have thus far been met.

Coast Line has pursued a very conservative dividend policy, such policy preserving a reasonable balance between earnings distributed to stockholders and earnings reinvested in the property or used for debt reduction.

Sheet 8 shows dividends paid on common stock of Atlantic Coast Line Railroad Company, also dividends by Coast Line received from investments, years 1939 through 1950.

During the depression years 1933, 1934, and 1935, Coast Line paid no dividends on its common stock, and after paying modest post-depression dividends in 1936 and 1937, again discontinued dividend payments until 1941. Dividends at varying rates were paid through 1945. Commencing

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with September, 1945, Coast Line adopted a dividend policy of $1 per share per quarter, which policy was followed through 1950.

In 1950, the $1 per quarter dividend policy was the subject of much criticism from Coast Line's stockholders and in January, 1951, Coast Line declared dividend of $1.25 per share of common stock payable in March, 1951, a modest increase, but one that cannot be continued unless Coast Line's earnings warrant.

Even the modest dividends paid by Coast Line have not been paid from earnings obtained from operations (Net Railway Operating Income) but rather from income represented by dividends received by Coast Line from investments (included in Other Income) as shown in last column on sheet 8. During the twelve-year period covered by sheet 8, dividends paid have exceeded dividends received in only four years. The aggregate of dividends paid during the fifteen years amounted to approximately $26,967,000; dividends received during same period amounted to about $45,844,000.

In contrast to what has been paid to stockholders in dividends, I call attention to sheet 9 which shows gross expenditures for Additions and Betterments for same period. It will be noted that gross expenditures for Additions and Betterments, both road and equipment, aggregate nearly $154,000,000 during the same period that disbursements to stockholders amounted to only $26,967,000.

Usually in these general freight rate increase proceedings, fear is expressed by some that further increases in freight rates will drive business away from the rails to competing forms of transportation. Coast Line does not share that fear, since other forms of transportation likewise have felt the impact of rising costs of operations and have found it necessary to increase charges for their service to meet such increased

enses. The motor carriers have just recently moved in that direction. is entirely likely that some traffic here and there may be lost by rail- ds to competing forms of transportation in instances where competing ms of transportation do not promptly increase their charges commensurate h the increases made by the railroads. The railroads have the right all times to propose such changes or revisions in freight rates as, er study, are thought to be required and justified by competing con- ions. I feel, therefore, that when the proposed increased freight es here sought become effective, the railroads will not lose to com- ing forms of transportation a sufficient volume of traffic to deprive railroads of an appreciable portion of revenue benefit to be derived m the increased rates.

Industry generally is enabled to increase its prices immediately er its costs are increased, but the railroads must always suffer some in time. Also, the railroads are always faced with opposition to any rease in rates and charges, being the one industry that is expected absorb all of its increased costs. The prices of other industries e risen far more than railroad rates, fares and charges. The prices railroads generally pay are more than twice what they were prior to rld War II, yet railroad freight rates have increased only about 57% the average and passenger fares even less.

Other industries are consistently earning more than 6% upon ir investment, but the railroads have consistently (excepting only couple of war years) been kept on a level of earnings well below 6%, t there is no industry more vital to the nation's welfare, and which is lled upon more often or responds more vigorously in times of national ril, than the railroads.

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Finally, it should be remembered we are now on a new plane of inflation which began in 1950. When the railroads ask for no more than 6% increase in freight rates, they are in reality not asking for more compensation but simply to be stepped up in the direction of that higher plane in the inflationary spiral that is already occupied by other industries.

Opposition to the modest increases sought seems to be based mainly upon lack of emergency. The railroads should not be forced to absorb increased cost to the point of gasping for breath, but, like other industries, should be allowed to increase charges as and when costs are increased.

VERIFICATION

STATE OF NORTH CAROLINA }
COUNTY OF NEW HANOVER } SS

Champion McD. Davis, being duly sworn, deposes and says that the foregoing statement and the accompanying exhibits are true and correct to the best of his knowledge, information and belief.

Champion McD. Davis

Champion McD. Davis.

Subscribed and sworn to before me by Champion McD. Davis this 31st day of January, 1951. My commission expires Feb. 25, 1952.

O. W. Sullivan

Notary Public
New Hanover County, North Carolina.

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EXHIBIT NO. 12-A.

Before
te Commerce Commission
Ex Parte 175
hibit No._____(Sheet 1 of 9)
ness: Davis

Sheet No.

Statement Showing Net Railw (1951 Estimated With and Wi	2
Statement Showing Operating Net Railway Operating Incom (1951 Estimated With and Wi	3
Statement Showing Gross Rev	4
Statement Showing Power and 31, 1950, and Power and Equ	5
Statement Showing Track Mil Annual Averages by Five-Yea (1950 Estimated Partially).	6
Statement Showing Certain I Expenditures considered bei	7
Statement Showing Dividends	8
Statement Showing Gross Exp Years 1939-1950 (1950 Estim	9

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EXHIBIT BC
A.E.C.R.R. Co
FILED IN EVIDENCE
FEB - 6 1952 19__
EDWIN R. WILLIAMS, Clerk

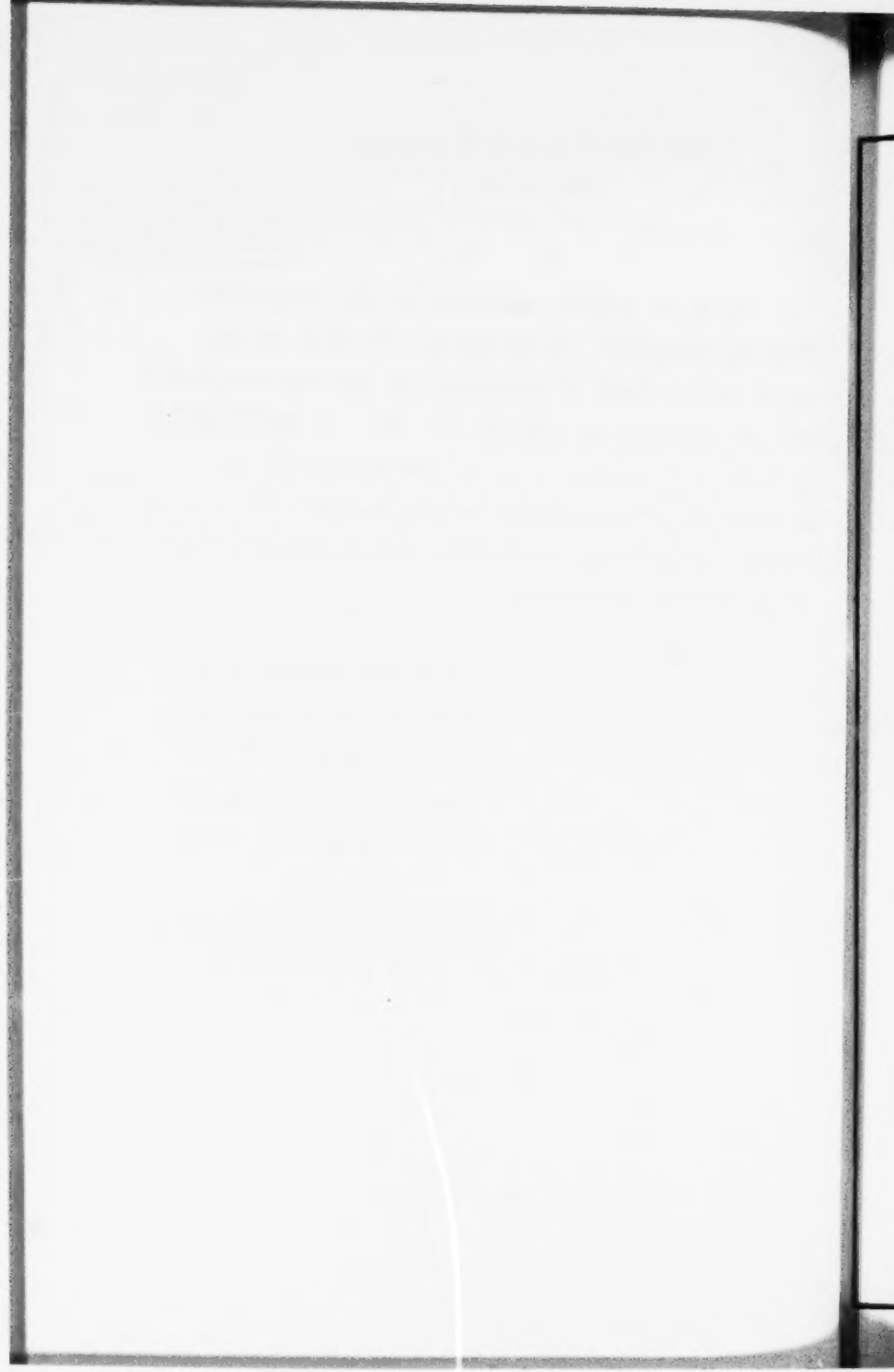
Interstate Commerce Commission
Washington 25

I, W. P. BARTEL, Secretary of the INTERSTATE COMMERCE COMMISSION, do hereby certify that the attached is true copy of transcript of the stenographer's notes of the hearing held May 18, 1951, at Washington, D. C., before Commissioner J. Haden Alldredge, in Ex Parte No. 175, Increased Freight Rates, 1951, the original of which is now on file and of record in the office of said Commission,

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said Commission this 30th day of January, A. D. 1952.

W. P. Bartel

SECRETARY OF THE INTERSTATE COMMERCE COMMISSION



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STENOGRAPHERS' MINUTES

BEFORE THE

Interstate Commerce Commission

DOCKET No. Ex Parte 175

Ex Parte 175 (Sub No. 1)

INCREASED FREIGHT RATES, 1951

(Commissioner ALLDREDGE)

At Washington, D. C.

Date May 18, 1951

COLUMBIA REPORTING CO.
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BEFORE THE INTERSTATE COMMERCE COMMISSION

In the Matter of:

INCREASED FREIGHT RATES, 1951.

Ex Parte No. 175
Ex Parte No. 175 (Sub 1)

Hearing Room "A,"
Interstate Commerce Commission,
Washington, D. C.,
Friday, May 18, 1951.

Met, pursuant to adjournment, at 9:30 a. m.

BEFORE:

COMMISSIONER J. HADEN ALLDREDGE, Presiding.

ALSO PRESENT: State Cooperative Committee.

KENNETH POTTER, Commissioner, Public Utilities Commission, State of California.

JOSHUA S. JAMES, Commissioner, North Carolina Public Utilities Commission.

APPEARANCES:

(As heretofore noted.)

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I N D E X

WITNESSES	DIRECT	CROSS	REDIRECT	RECROSS
L. L. Knight (resumed)	60	66	88	89
C. McD. Davis (recalled)	90	123	164	
J. E. Tilford	166	183		
John K. Dent (recalled)	194	202	214	217

E X H I B I T S

NUMBER	FOR IDENT.	IN EVIDENCE
Alldredge-Washington 3. Witness Davis	92	122

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P R O C E E D I N G S

Commr. Alldredge: The hearing will come to order.

L. L. KNIGHT

testified further as follows:

Mr. Grubbs: Shall we resume?

Commr. Alldredge: Yes.

DIRECT EXAMINATION (Continued)

Q (By Mr. Grubbs) Mr. Knight, yesterday you told us of the careful and conservative way in which your estimates had been prepared, and of the diligence with which you had endeavored to offset your increased costs with the economies, and in other ways. I want to ask youjust a few more questions on those matters, and then we will proceed to one final matter.

First, I would like to ask you if in your operating expenses you included all your maintenance work that you anticipate for 1951?

A I included all of it except for $1,200,000, in round numbers.

Q Why did you not include that?

A Because that work is being done out of a previously established maintenance reserve. Therefore, the expenditures are being charged to the reserve and not to the operating expenses.

Q Now, Mr. Knight, does the Seaboard income forecast evaluate in any way the matter of possible manpower shortage?

A It does not. In setting up this income forecast we took labor conditions as they obtained in the early part of the year.

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Q Does that mean that you do not expect to have to pay any overtime during the course of the year?

A As a matter of fact, we are already confronted with shortages in certain of the crafts, such as machinists, electricians, sheet metal workers, dispatchers, telegraph operators, and switchmen, both road and yard switchmen. Our overtime payments in recent years, in relation to the total compensation, has been very, very low.

For example, in 1950 our ratio of payments in the mechanical department to total wages was only 3.4 percent. It has already risen for the first quarter of this year to 4.7 percent. That is a step up of 1.3 percent already. The highest point in recent years which that ratio ran was in 1944 when, as you all know, we were under a dire labor shortage. It always happens that when men become scarce you are compelled to work overtime. I mean, the increase in overtime payments is not the only measure of loss that we incur.

Q Before we leave that, is it fair to conclude from what you said that you think it is likely that y u will have some overtime payments at penalty rates that are not included in your estimate of expenses?

A I do, unless there is a trend the other way, because it is already trending in that direction.

Q You were about to tell us about loss.

A What I mean to say is this that in my line of scarce labor

supply your labor turnover inevitablyincreases, and with it goes a lowering of your efficiency of labor.

Q I want to ask you about your efforts, if any, in the way of abandoning unprofitable branch line service. Have you been doing anything in that direction?

A That has been continuous, and continues to be a continuous study with us. We have several lines that are more or less under constant study. Some more will eventually go, but in the last 10 years we have retired 132 miles of road, which, after all, was a rather substantial percentage in relation to our approximately 4,150 miles ofline.

Q Mr. Knight, how extensively has the Seaboard dieselized its operations?

A Our income traffic forecast for 1951 is predicated on handling with diesel power in 1951 93 percent of the freight gross ton-miles, 94 percent of the passenger train-miles, and 78 percent of the yard switching-hours.

Q I believeyou said yesterday that you had ordered a good many additional units of diesel locomotives?

A Yes, we had. In the last 18 months we ordered 188 units, of which 107, I believe, were received the early part of this year.

Q As to your equipment, your new cars, how many new cars has the Seaboard on order?

A As of April--

Commr. Alldredge: Freight cars?

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Mr. Grubbs: Freight cars.

The Witness: Freight cars; yes, sir.

As of April 1st we had on order 2,100 cars.

Q (By Mr Grubbs) Upon the receipt of those cars and the completion of the conversion program about which you spoke yesterday, what will the Seaboard's ownership of freight cars amount to?

A 24,085 units.

Q How does that compare with your ownership of freight cars as of January 1, 1950?

A That is 12.7 percent greater in number, but that percentage does not fully indicate the increased capacity, because these cars are much greater than the average carrying capacity.

Q Are any train cars being voluntarily retired?

A None, and none have been since the outbreak in Korea.

Q Is the Seaboard acting in any other way to respond to the call of the nation and its leaders and shippers for more freight car equipment?

A Yes.

Q In what respect?

A As of the beginning of 1950 I believe our bad order percentage of cars on line was 3.90; but because of the critical freight car shortage, when it first became evident we stepped up our activities and were able by the end of last year tobring that ratio percentage down from 3.90 to 1.70. We held to that per-

centage up to April 1 of this year. As of the latest date, it has crept up to about 2 percent; 1.7 is just as low as we could possibly bring it, so far as we can see.

Q Does your forecast of capital expenditures for 1951 contemplate the purchase of any additional freight train cars?

A No, sir; it does not.

Q Would any decision to purchase additional cars be related to improved net income?

A Very definitely so.

Q Can you indicate briefly the impact on your 1951 income forecast of the recent increases in wage rates and material prices with the increases in revenues that have accrued from the interim increase in this case?

A Yes, sir.

Q What is it?

A The computed increased cost of labor and material over prices prevailing in 1950 will cost us this year roughly $10,500,000 in operating expenses, plus $250,000, approximately, in increased pay roll taxes. Now, on a full year basis those increases would exceed $12,000,000. The only rate relief that we have gotten is the 2 percent interim increase, and that is expected to yield approximately $1,500,000 in 1951.

Q Do you regard the spread between increased costs and increased revenues accruing from the interim increase as something affecting the Seaboard's ability to consummate its forecasted capital and maintenance programs for 1951?

A We do.

Q Is any curtailment likely because of this wide spread?

A We have already started curtailing. For example, in setting up our May budget it was necessary to completely forego any further program replacement of old relay with relay rail, and we reduced our new rail program from 20 miles, which we had anticipated laying, down to 10 miles, and unless we get relief, and get it in a hurry, we are going to be compelled to continue this deferment of rail, which is certainly not in the interest of the property. We like, as far as it is humanly possible, when we organize rail gangs, to have a definite program set up, to be able to go right along with that because there is a terrific waste when you have to disband these gangs, and then later on when conditions permit try to reassemble them because it takes weeks to ever get back to your former efficiency. Of course, I should say that we have curtailed some in steam locomotive output. We have made other reductions, but the one that I most hated to see us do was to slow down on our rail program.

Q Mr. Knight, is it correct from what you have said this morning and yesterday that for all your ingenuity and effort, reducing your expenses, you just have not been able to keep up with rising costs?

A That is absolutely true, and I think it is self-evident when you contrast $10,750,000 of added expenses with $1,500,000 of additional revenue that you expect to recoup through these

interim rate increases.

Q Is the 2 percent that has been granted adequate to enable you to do the things that you feel are reasonably necessary in the national interest and in the interest of shippers?

A Absolutely not.

Mr. Grubbs: I offer, Your Honor, in evidence Exhibits 1 and 2, Alldredge-Washington Exhibits Nos. 1 and 2.

Commr. Alldredge: Is there any objection?

The exhibits are received.

(Alldredge-Washington Exhibits Nos. 1 and 2, Witness Knight, were received in evidence.)

Commr. Alldredge: Cross-examination.

CROSS-EXAMINATION

Q (By Mr. Moody) Mr. Knight, in the information you supplied to Dr. Parmelee in response to his questionnaire, you estimated the same volume of freight and passenger traffic for all five bases; is that not right?

A We did, but we have Mr. Ethridge who will come on later in the hearing, and who can give you the foundation of those estimates.

Mr. Grubbs: Mr. Ethridge is here, and I understand his presence has not been requested. We are not going to put him on the stand unless you want him.

Mr. Moody: I do not intend to go into that.

Mr. Wells: In view of the statement of counsel for the

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Seaboard, I would like to invite his attention to a statement made in the record several days ago where I requested that Mr. Ethridge be made available.

Mr. Grubbs: All right, I did not know that.

Mr. Wells: I know.

Commr. Alldredge: Go ahead.

Q (By Mr. Moody) You also show the same net investment and the same number of employees under each of the five bases. In view of these facts, will you explain why the expenditure for maintenance of way and structures, item 11, and maintenance of equipment, item 12, and traffic, general, all others, item 14, are estimated at the same amount under basis 1 as under basis 3, whereas expenditure for transportation, item 13, is estimated in a greater amount under basis 3 than under basis 1?

A For the reason that the work program that we had outlined in our own operating budget, and which we carried over into Dr. Parmelee's proposed exhibit, contained the work that we had scheduled doing this year. I am talking about maintenance work. Now, in the case of transportation expenses, of course most of our supplies, fuel, and that sort of thing, are obtained from off-line points, and we have allowed, in some of those columns, for the increase in foreign line freightrates that we will have to pay.

Q I think you testified yesterday that the system used by you in converting estimated ton-miles and passenger-miles into your

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expense estimates for 1951 was at least time proven in your company, and used for budget allocations, and other administrative purposes.

Would you please explain for the detail in some detail just how you made those conversions in determining the amounts estimated on lines 11, 12, 13, and 14 of the Parmelee questionnaire--that is, the maintenance transportation and traffic?

A So far as line 11 is concerned, I do not see that that is a very great factor. Of course, your maintenance of way requirements ultimately fluctuate with use. Now, in the case of maintenance of equipment your traffic volume does have an influence, particularly with respect to locomotives and freight cars, it has a very definite influence in connection with the greater bulk of your transportation expenses. We have evaluated those factors for this purpose, I might say for our ordinary day-to-day purposes, just like we have been doing for several years. We have simply used those identical figures in our return to Dr. Parmelee's questionnaire.

Q I do not think that is specifically responsive. Let me ask it another way: Did you develop the expense estimates for 1951 by applying the unit cost to the estimated traffic, or did you apply a percentage increase to the actual 1950 expenses?

A No, sir.

Q Just how did you get it?

A We developed the units of service we would have to supply to

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handle this amount of traffic, and then we applied to those unit of service the then current costs.

Q In estimating 1951 expenses, how much of the increased expens over 1950 were unavoidable in the sense that they resulted fro higher wage rates and higher material prices, and how much of the increase estimated under, say, basis 5, is estimated as a result of having estimated that you will have more money to spend?

A Well, getting to your last point, first, we still hope to do this maintenance; as I have said, we have temporarily deferred it. We are very hopeful that we will be able to resume later in the year and catch it up before the year is out.

Q Do you have any idea how much that is?

A Part of the work that we would prefer is this work that will be charged to the deferred maintenance reserve. That would not affect your expenses at all. But aside from that we hope we do not have to defer much work because our property is under increasing use, and it is absolutely necessary, as we see it, to keep it in sound physical condition.

Q I think that answers my question.

Commr. Alldredge: He did not answer the first part of it. Are you abandoning that?

Mr. Moody: No. You are right.

Q (By Mr. Moody) How much of it do you attribute to higher wage rates and material prices?

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A I have a statement that shows the breakdown of the $10,500,000. As between increased labor rates and increased material prices, that is. Roughly, of the $10,500,000, total wages and materials, $7,775,000 are increased labor rates, the balance increased material prices.

Q Under your basis 5 of your estimate furnished to Dr. Parmelee you show a rate of return of over 6 percent; is that not so?

A I think it is 6.04.

Q 6.038, I believe. Well, that is close enough.

A But if you adjust for this $200,000 we propose to spend, and which is not reflected in the expenses, that figure, then, becomes 5.68.

Q Did you not just say that was a maintenance reserve charge to previous year's expenses?

A That was a reserve that was created by the old company and taken over by the new company.

Q Now, that 6.038, I believe the figure is, the rate of return, that was after you had included $4,200,000 accelerated amortization in your operating expense; is that not correct?

A Correct.

Q If you had not included that amount for accelerated amortization, what would your rate of return have been?

A I do not know that I have computed that, but if what you are getting at is that this is an unusual expense, I just want to point out to you--

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Commr. Alldredge: Please, answer the question.

The Witness: Mr. Chairman, I have to look to see if I have that figure computed.

I am sorry, I do not have it computed. But the difference between that figure of $4,205,000, and the difference in the taxes that would be payable, is a couple of million dollars. I would have to determine by calculation what the addition of a couple of million dollars to our net railway operating income would produce in the way of a rate of return.

I would like, Mr. Chairman, if I may, to tell you what I wanted to say.

Commr. Alldredge: Let us have the answer to the question, first.

Does that satisfy you as an answer?

Mr. Moody: If that is the best answer he has, that is all right.

Commr. Alldredge: All right.

Now, what did you propose to say?

The Witness: What I propose to say, Mr. Chairman, is this, that I pointed out in my testimony yesterday that the expenses that we are charging out in our budget, and in this income forecast, are the expenditures that we expect to actually make within the year. They do not represent the expenditures, the liability for which is being created during the year. I pointed out the effect on our diesel locomotive maintenance by throwing in

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within the period of a few months 188 units out of a total ownership of 395 units, with the result that our expenditures with respect to these new diesel units, and also with our new freight cars, are going to be subnormal for some time to come. I might say that whereas our unit costs and steam locomotive repairs for 1951, compared with 1946, is 70 percent greater, roughly 60 percent greater in the case of freight train cars, in the case of diesel locomotives they are only 20 percent greater. Of course, our fleet of diesels in 1946 was almost brand new. So we are piling up liabilities for future maintenance that are not being reflected in these accounts. That always happens when you throw into operation at one time more than an ordinary amount of new equipment or new road facilities.

For example, we have installed something like 1,000 miles of centralized traffic control in the last three or four years. That is brand new, the maintenance on that signal system is minor, and will be for some years to come. But every day that goes by we are creating a liability for future maintenance.

Q (By Mr. Moody) You are not intending to imply from this line of testimony, I suppose, that your 1951 estimate of expenses might be somewhat off?

A No. In the way that the railroads account for expenses, that estimate is right, in my opinion.

Q All right, sir.

Assuming that the Commission grants the full increase, as

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requested, and your estimates under basis 5 prove to be correct, will you be paying excess profits taxes?

A We will not, not under the present tax law.

Q The same, of course, then, would be true for 3 and 1?

A Right.

Q Under basis 5 of your estimate, you show a net income of almost $17,000,000. What percentage is that of your book equity as of December 31, 1950?

A $17,000,000 of our book equity--just what do you mean by book equity? What we have in the property?

Q Par value, plus earned surplus.

A Par value of securities, plus earned surplus?

Q Yes, common stock.

A Common and preferred stock. I have a balance sheet here that would show that.

As of the close of 1950 we had a surplus of $41,630,000, and we had a capital stock liability of $100,000,000.

Q Is that not about 12 percent?

A I will take your figure for it; yes, sir.

Q Would you say that the Seaboard is serving as good a market as the Atlantic Coast Line, or a worse one? In other words, does a change in the economy of the country affect your company and the consist of your traffic about the same as the Atlantic Coast Line?

A Not necessarily so, because our traffic, I think, is generally

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more diversified than theAtlantic Coast Line's traffic, mainly because we operate into the western Carolinas and also into Atlanta and Birmingham over a direct line.

Q Then you were indicating that perhaps you serve a little better market?

A I do not say that, but I say that the composition of our traffic and the Coast Line's freight traffic is quite different.

Q Your company, in estimating 1951 volume of ton-miles, as compared to 1950, shows an increase of some 11 percent, if you will accept my figure. In view of your answer to my previous question, can you explain this conservative estimate in the light of the fact that the Seaboard estimated an increase in ton-miles for 1951 of about 22 percent over 1950?

A Of course--

Q Excuse me, I should have said the Atlantic Coast Line estimates that.

A Again I would prefer, since Mr. Ethridge is going to testify, that you let him do so rather than ask me the question, because I think he is better prepared.

Q If you cannot answer it, that is all right, sir.

Also in your estimate to Dr. Parmelee you show an increase in pay roll chargeable to operating expenses as between basis 3 and basis 5 of $72,586,000 over $71,720,000, or $866,000. Your increase in pay roll taxes as between the two bases is $4,066,000 over $4,020,000, or $46,000. You thus show an increase

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of 5-1/2 percent of increased pay roll. How do you explain that high percentage, especially in the light of the relatively lower percentages down to 2-1/2 and 3 percent that other roads have used in this case?

A I am not certain that I completely followed your question. You talk first about relationship of pay rolls. Is that 1950 compared with 1951? Then you refer to comparison of pay roll taxes. Now, what we have put in our answer to Dr. Parmelee's questionnaire at the pay roll figures and the pay roll taxes that we use for our own managerial purposes; they are the best estimates we know how to make.

Q What I was specifically comparing, sir, were your basis 1 estimated figures and your basis 5 estimated figures.

A Would you tell me what line number that is?

Q Line 25 for comparison of pay roll, it shows an increase of $866,000 in pay roll, and line 16 shows your increase of $46,000 in pay roll taxes.

A Well, all I can say about it, sir, that these estimates represent our best judgment of what those respective accounts are going to be.

Q Can you give me your understanding of how pay roll taxes are computed? That is what tax rates apply to what salary blocks?

A Yes. The Social Security tax, Railroad Retirement Tax is 6 percent; the unemployment tax I believe is half of one percent, and those rates apply on earnings of officers and employees,

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monthly earnings of officers and employees up to $300 a month.

Q Yesterday in your testimony you commented on the success your company has had with its forecasting of revenues and expenses. I believe you did say, though, that you adjusted or revised your estimates as it proved to be necessary from time to time in your operations. Here, however, you are asking the Commission to rely on your forecast in determining a need for the increases applied for.

Just how good do you believe your estimates to be? I mean by that, do you think they are good to one percent, three percent, five percent? Do you have an opinion?

A I will have to answer you in this way, they are the best and most reliable estimates we are able to make.

Commr. Alldredge: I expected that answer. He is trying to find out what margin of error you allow in your own mind for those figures. Now, do you permit one in your own mind?

The Witness: We do not permit any margin in our own mind.

Commr. Alldredge: Do you think they will just be exactly what you predicted? You do not have any margin of error in your own mind when you make the figures?

The Witness: No.

Commr. Alldredge: All right, that is the answer.

Q (By Mr. Moody) Is the same thing true of your expense estimates?

A That is right.

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Q What percentage of increase in traffic volume for 1951 over 1950 did you estimate in the preliminary case? I can give you those figures if you will take them, subject to check.

A I think I have them right here.

Are you speaking now in terms of revenue ton-miles and revenue passenger-miles?

Q Revenue ton-miles.

A Revenue ton-miles, I guess it was in January or December we estimated 8,448,000,000 revenue ton-miles; we estimated 574,797,000 passenger-miles.

Q 1950 actual was what?

A 1950, partly estimated, revenue ton-miles, 8,215,000,000; revenue passenger-miles, 571,138,000.

Q That is an increase of about 3 percent; is that right?

A I suppose so; yes, sir.

Q What percentage of increase in traffic volume for 1951 over 1950 are you now estimating?

A We are estimating revenue ton-miles at 9,100,000,000; revenue passenger-miles at 575,000,000.

Q Your 1950 again was 8,215,000,000; is that not right?

A Thatis right.

Q You are now estimating an increase of about 11 percent as distinguished from your prior statement of about 3 percent; is that not right?

A I would say it is between 10 and 11 in freight, and a very

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minor difference in passenger.

Q Are you still going to stand on your position that you estimate these right on the nose?

A No, I do not say that anybody could estimate them right on the nose.

Q Going back to this question momentarily, your estimated increase in taxes, pay roll taxes. I believe you said that the pay roll taxes is about 6-1/2 percent a month on the first $300 of salary?

A That is right.

Q Under your bases 1 and 5 you assume the same number of employees, that is under each. Do you still believe that a 5-1/2 percent increase in pay roll taxes related to the increased pay roll is correct?

A Yes, sir; I do.

Mr. Moody: That is all.

Q (By Mr. Wells) What was your rate of return in 1950?

Commr. Alldredge: Based upon what valuation?

Mr. Wells: Depreciated investment.

The Witness: 5.52 percent.

Mr. Potter: Did that exclude or include your back mail pay?

The Witness: That included the back mail pay. I should have noted that.

Q (By Mr. Wells) Can you tell us what it was, excluding the back mail pay for 1950?

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A I would have to calculate it. I do not know that I have all the basic figures here.

Q Your back mail pay was how much?

A The total mail pay that we took in accounts was $2,000,000, the back mail pay, earned back of 1950, was something like $1,400,000, I believe.

Q In other words, if you deduct, then, roughly $1,400,000 from your net railway operating income that would give you the computation on which to compute that new percentage?

A That is right. Then, of course, you would have to divide into that your net investment in property devoted to transportation.

Q Which is the same amount youused in arriving at 5.25?

A Yes.

Q The 5.25 percent for last year, disregarding back mail pay, is a comparable figure to the 6.04 percent return that you testified to a few moments ago under basis 5 estimated for 1951?

A It is more nearly related, sir, to the rate of returnfor the year of 5.6 percent, or something like that,which results from this $1,200,000 of deferred maintenance that we expect to spend in 1951.

Q You do not mean to indicate on this record that that deferred maintenance has not already been charged against your expenses in the past years, do you?

A No, I am not saying that. But I am saying there are things

that work bothways on the railroad, some things are high one year, some things are subnormal. But this particular year, 1951, we are proposing to expend $1,200,000 out of that reserve, and we have a very large, in my opinion, accumulation of future repairs on these new properties that are not being accounted.

Q What is the physical condition of the properties of the Seaboard Air Line at the present time in comparison to preceding years?

A I would say it is very good. We have deferred rail,and that is the main purpose which this reserve is to serve.

Q Is not the condition of your property today the best it has been in years?

A I would say it is about as good as it has been in years; I do not know that there is much difference.

Q What was the relationship of your net railway operating income in 1950 compared to 1949?

A Are you talking about rate of return?

Q Net railway operating income.

A The net railway operating income in 1949 was $11,048,786.

Q In 1950?

A 1950, it was $13,187,841.

Mr. Potter: May I get that figure again? It is different than the one that I have that had been furnished to Dr. Parmelee.

The 1950 net railway operating income, that is.

The Witness: I apologize. I had the 1948 report instead of the 1950 report.

I have it now. It is $17,361,299.

Mr. Potter: Yes, that is better.

Was your calculation of your rate of revenue on that rather than the figure you gave first?

The Witness: Yes, on this figure here.

Mr. Potter: I have a rate of return of 5.78 for 1950 that was furnished to Dr. Parmelee. I was just wondering if that is any different from yourcalculation?

The Witness: Subject to correction, I will accept your figure. These are some statistical tables that my office gave me, and I took the calculated figure of 5.52 to be right. I would like to clear that up later, if I may.

Mr. Grubbs: This may be the explanation: I think that Dr. Parmelee in submitting that exhibit included some estimate for the latter part of the year 1950. I do not believe it was the actual results.

Mr. Potter: What I have here is entitled "Actual."

The Witness: May I clear that up later in theday?

Mr. Potter: I wish you would, sir.

Q (By Mr. Wells) At any rate for 1950 your net railway operating income was some $6,000,000 better than in 1949?

A Yes, including the back mail pay, it was.

Q How did your net income compare, 1950 to 1949?

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A Net income for 1950--are you talking about net income after fixed and contingent charges?

Q Yes.

A It was $11,207,907 in 1950, and in 1949 it was $8,156,294.

Q When was the last year thatthe Seaboard had as good a result as the $17,000,000 net railway operating income in 1950?

A In my recollection, probably in 1945, 1944, and back at that time.

Q Possibly one or two of the war years?

A I think several of the war years.

Q Except for the one or two of the war years, then, what was the last year in which the operating result was as good on the Seaboard as in 1950?

A 1948 very closely approximated it, particularlyin relation to the difference in investment and property devoted to transportation in the two years.

Q Except for that, can you think of any year in which your result has been that good?

A Eliminating the war years, I cannot, because we have been trying to build up the earning power of this property, doing everything we could. We have expended very large sums in improving it, and I agree that 1950 was a rather satisfactory year for us.

Q As a matter of fact, has not your net railway operating income in the months of 1951 increased over the comparable months of

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1950?

A I think perhaps thus far they have because we have only gotten our figures for three months.

Q Will you give those for the record, please, comparing, first, January, 1951, with January, 1950? I understand that you are going to give the net railway operating income.

A I am sorry, I do not seem to have the three months separately. But I can give you the three months accumulated.

Q Give that to us, then, please.

A Net railway operating income, first three months of this year, $4,497,572; first three months of last year, $3,632,413.

I might add that the first three months of last year were disappointing, the perceptible upturn had not occurred that soon.

Q As a matter of fact, that figure, then, for the first three months of 1950 does not include any back mail pay, either, does it?

A For the first three months of 1950?

Q Yes.

A It does not; whereas the first three months of this year does include--

Q Back mail pay?

A No, but current accruals of mail pay on the basis of the compromise settlement.

Commr. Alldredge: Why did you not just say increased mail pay?

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Well, go ahead.

Q (By Mr. Wells) The two figures include whatever mail pay was accrued for whatever service was--

A That is right. But the first three months of 1950 only included the increase that was made effective in 1947, those figures did not include the subsequent increase--

Commr. Alldredge: There is no use in arguing over the question here.

In 1950 your mail pay was based upon an increase of 25 percent in your base rates, and since 1950 you have been accruing it at an increase of 48 percent; is that right?

The Witness: That is correct.

Commr. Alldredge: All right. Proceed.

Q (By Mr. Wells) Now, for the same three months' period for 1951 and 1950, what was the situation with respect to your net income?

A For the first three months of 1951, $3,747,634; first three months of 1950, $2,668,673.

Q As a matter of fact, you referred a moment ago to the upturn that occurred a little after January of 1950. Actually, did you not experience an upturn, an increase in your freight operating revenues beginning in March of 1950, and increasing in each month since then over the comparable month of the preceding year?

A I can tell you now about March, because I happen to have that report here.

Are you talking about March, 1950, compared to March, 1949?

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Q That is right.

A I do not have those figures with me, but I am willing to accept your statement that some upturn did occur that early.

Q And you do know, of course, that you have had an increasing percentage increase of your freight operating revenue each month since that time over the comparable month of the preceding year?

A I do not have the figures here, but I think you are right; yes, sir.

Q As a matter of fact, your increase in net ton-miles in February of 1951 was 22 percent greater than in February, 1950, and for January was 25-1/2 percent greater than 1950?

A I think I have those exact figures here. That sounds about right.

Those are the bare bone figures, they take into account in no way whatsoever any changes in the composition of traffic.

Q Your freight operating revenue does, and in Januaryof 1951 your freight operating revenue was 24.3 percent greater than in the comparable month of 1950, and in February of 1951 your freight operating revenue was 30 percent greater?

A That is right.

Q Mr. Knight, you have referred not onlyin your exhibit Alldredge-Washington No. 1, but also in your testimony, to increasing numbers of freight equipment, and particularly freight cars and diesel locomotives. Line No. 2 of your Exhibit 1 refers to freight train cars. Is there any refrigerator car

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in that group?

A No, sir. We depend for our refrigerator car supply on the Fruit Growers Express Company.

Q So that in none of your testimony where you have referred to additional freight cars is there any item of any kind for the purchase over the years, or in the current year, of any freight refrigerator car?

A That is correct.

Q Likewise, in your estimate for maintenance of equipment there is no item whatever for the maintenance of any refrigerator car, is there?

A None whatsoever except for users' defects.

Q You referred yesterday to a report you said you had for how many cars would receive free ice. Will you give us that figure.

A I do not have thatfigure with me. I said thatthatwas one of the factors that is considered in setting up our estimate of what our train supplies and expenses are going to be.

Q Will you provide that figure for the record, since that was a part of your direct testimony?

A I will be very glad to do so.

Q I would like the number of cars on which you have included an estimate of free ice, and the amount.

A All right, sir.

Q Also you referred to the estimate including the figure for the number of standard refrigeration.

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A Yes.

Q Will you provide that also?

A I will be glad to give you that, broken down.

Q In the performance of any refrigeration service, do you--that is, the Seaboard Air Line Railroad Company--buy any ice?

A No, sir. That is service that is all provided under contract by the Fruit Growers Express Company.

Q And whatever settlement is made for that ice, whether it is in rendition of some refrigeration service under the Perishable Protective Tariff, or otherwise, the settlement is made on division sheets between the Seaboard and the Fruit Growers Express Company?

A The Seaboard settles with the Fruit Growers Express Company for the cost of the ice. We collect the refrigeration charges.

Q Actually you collect very few refrigeration charges, do you not, Mr. Knight; is that not collected actually by the destination carriers?

A That is true. Of course we select some. But I was speaking of the practice generally. Most of it is collected in the East and the West.

Q Whatever settlement is made is made on the basis of division sheets, is it not?

A That is true, to the extent that losses on refrigeration traffic, or gains on refrigeration traffic, are pooled.

Mr. Wells: That is all.

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Commr. Alldredge: Are there any further questions of this witness?

Mr. Grubbs: Just a few on redirect, Mr. Commissioner.

Commr. Alldredge: Proceed.

REDIRECT EXAMINATION

Q (By Mr. Grubbs) Mr. Moody asked you about differences between the Seaboard and Coast Line in respect of freight traffic. Are there any differences that are particularly noticeable inrespect of passenger traffic? Your estimate is somewhat lower than that of the Coast Line, of the increase for 1951?

A I would say without knowing more about it, I think the Atlantic Coast Line has had thus far more military establishments reactivated on its lines than have we.

Q You were asked about comparisons, 1950 with 1949. Was 1949 a year in which railroad revenues fell perceptibly?

A Absolutely. Beginning through the late summer of 1949 we stopped laying rail and stopped everything that we could safely forego because of these declining revenues.

Q That continued into the early part of 1950?

A That did continue into the early part of 1950.

Q You were asked about when the Seaboard had as good a result as 1950. When you look at your dollar result even for 1950 do you not feel that you have to cut it down considerably by reason of the difference in the value of the dollar today, and what it was a good many years ago?

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A I do, and, of course, I was speaking in terms of units and not what those units would buy.

Mr. Grubbs: That is all.

Mr. Wells: May I ask one other question. I am sorry, I should have asked it earlier.

Comm. Alldredge: Go ahead.

RECROSS-EXAMINATION

Q (By Mr. Wells) If I understood your testimony correctly, in the making of the estimates for your expenses for the bases 1, 3, and 5, you considered the service units required for hauling the ton-miles and the passenger-miles without respect to the level of rates applicable to those traffic units?

A Yes, sir.

Mr. Wells: Thank you.

Mr. Grubbs: I just wanted to clear the record on the question that was raised about the rate of return for 1950. I find from Dr. Parmelee that the reported rate of return was 5.78, as Mr. Commissioner Potter stated.

Comm. Alldredge: Mr. Moore.

Q (By Mr. Moore) Mr. Knight, are you going to have a traffic witness in this case?

Mr. Grubbs: We are, sir.

Mr. Moore: Who is he?

Mr. Grubbs: Mr. Ethridge.

Mr. Moore: That is all.

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Commr. Alldredge: Is that all?

You are excused.

(Witness excused.)

Mr. Grubbs: I call Mr. Davis, please.

Commr. Alldredge: While you are getting set up we will recess for about five minutes.

(Short recess.)

Commr. Alldredge: Proceed.

Mr. Grubbs: Mr. Davis.

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was recalled and testified as follows:

DIRECT EXAMINATION

Q (By Mr. Grubbs) Mr. Davis, have you previously testified in this proceeding?

A Yes, on February 20, 1951, in support of the motion of January 16, 195[illegible], for an interim increase of 6 percent.

I testified orally and also filed a verified statement which was received in evidence as Exhibit No. 12.

A group of tabulated statements accompanying that statement was received as Exhibit 12-A.

Q That exhibit dealt, among other things, withestimated revenues and expenses for 1951?

A That is correct.

Q Have you reexamined your estimates in the light of developments since you testified in February?

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A I have, with the assistance of members of my staff. And I may say such reexamination has been quite thorough.

A revised traffic estimate has been presented by Mr. J. M. Fields, Coast Line's vice-president-traffic, in the form of a verified statement.

Q Have you revised the figures which you presented in February to reflect subsequent developments?

A Those figures have been revised under the supervisionof Coast Line's accounting department, and have been reviewed by me.

Q In revising the figures, did any significant changes develop?

A Yes, the most significant of which is in Coast Line's prospective net railway operating income for 1951.

Based on the information available to us prior to the hearing in February, it was estimated, on basis of freight rates then in effect, that Coast Line's net railway operating income for 1951 would have been $7,804,000, thereby producing rate of return on net investment of 2.07 percent. It is now estimated that if we should be allowed nothing more than the interim increase effective April 4th, Coast Line could look forward to a net railway operating income of no more than $5,250,000, which would mean the distressingly low rate of return of 1.32 percent on Coast Line's net investment, or materially less than the rate of return now estimated by Dr. Parmeleefor all Class I railroads of 2.97 percent.

Q I believe your previous testimony shows that it makes little

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difference in computing Coast Line's rate of return whether one uses the formula generally used by railroads for computing net investment, which formula includes cash, material and supplies, or the formula which has been employed by the Commission in recent years for determining rate-making value.

A That is correct, as stated on pages 7, 8, and 9 of Exhibit 12.

Q If you are accorded the increase here sought, what will it mean to Coast Line?

A Based on our latest estimates of traffic volume, revenues and expenses, it would mean, on an annual basis--assuming the increase to be in effect intrastate as well as interstate throughout an entire year--net railway operating income of $9,585,000, or rate of return of 2.41 percent.

Incidentally, that 2.41 percent would be materially less than the rate of return for all Class I railroads under same conditions, of 4.80 percent now estimated by Dr. Parmelee.

Q Do you have a new exhibit bringing the information contained in your Exhibit 12-A down to more recent date?

A Yes. I should like for this new exhibit to be identified as Alldredge-Washington Exhibit 3.

Commr. Alldredge: We will mark that for identification as Alldredge-Washington Exhibit No. 3.

(Alldredge-Washington Exhibit No. 3, Witness Davis, was marked for identification.)

The Witness: Exhibit Alldredge-Washington 3 consists of seven

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sheets, including a cover page, which briefly describes the contents. Each sheet contins self-explanatory captions.

Q (By Mr. Grubbs) How do the estimates of traffic and earnings appearing on sheet 2 compare with estimates given by you in February, by the Atlantic Coast Line?

A We had previously estimated 9,147,543,000 revenue ton-miles for 1951, an increase over actual revenue ton-miles in 1950 of 22.3 percent. The new estimate, line 1, is 9,116,300,000 revenue ton-miles, an increase over actual revenue ton-miles for 1950 of 21.9 percent.

Such estimated increase is quite substantially higher than the increase of 7.4 percent for all Class I roads now estimated by Dr. Parmelee, and it may be that Coast Line is overly optimistic, though the picture is presented as we see it at this time. It is presently anticipated that Coast Line's freight revenue may be 17.4 percent greater in 1951 than in 1950.

Coast Line at time of February hearing anticipated a 10 percent increase in freight revenue from increased volume alone. The anticipated 17.4 percent greater freight revenue in 1951 than in 1950 includes the effect of the temporary interstate freight rate increases authorized and in effect April 4, 1951, and now, but assuming--contrary thus far to the fact--intrastate as well as interstate application with same April 4, 1951, effective date.

Results of first quarter, 1951, demonstrated that Coast Line

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had, for use at the February hearing, estimated too great a spread between the percentage increase in revenue ton-miles and the percentage increase in gross freight revenue; the later or present estimate narrows the spread largely by estimating freight revenue at thelevel indicated by first quarter results and by prospects for the remainder of 1951.

Q What about revenue passenger-miles and passenger revenue?

A It now appears that Coast Line's revenue passenger-miles in 1951, line 2, may be 784,300,000 instead of 724,813,000 as estimated for use at the February hearing and, accordingly, that gross passenger revenues may correspondingly be somewhat greater than previously anticipated.

Q Your revised estimates of expenses must also be greater than you first anticipated?

A Yes, considerably greater.

Commr. Alldredge: Off the record.

(Discussion off the record.)

Commr. Alldredge: On the record.

Mr. Potter: While you are on that subject these are, however, the estimates which you supplied to Dr. Parmelee for his later exhibit?

The Witness: They are the estimates which we supplied to Dr. Parmelee for his exhibit; that is right.

Commr. Alldredge: Proceed.

Q (By Mr. Grubbs) Proceed, Mr. Davis.

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A When the previous estimate was made for use at the February hearing, settlement with the non-operating group of employees had not been effected, and nothing was included in the estimate for wage increases for the non-operating group. It was not then foreseen that the cost-of-living index to which railroad wages have become related would rise as high as 184.2 as of February 15, 1951. The sharp rise which has taken place in the cost-of-living index operates also to increase unit costs of material and supplies and possibly the unit prices of equipment Coast Line has on order.

Q What do you estimate the cost, to Coast Line on annual basis, of the 12-1/2 cents per hour wage increase for the non-operating group effective February 1, 1951, plus cost-of-living adjustment of 6 cents per hour effective April 1, 1951?

A $5,523,000, on annual basis.

Q While I understand settlement has not yet been effected with the operating group, what do you estimate the cost, to Coast Line, on annual basis, of wage increases which may be effective in accordance with the White House memorandum of agreement dated December 21, 1950, namely, 25 cents per hour for yardmen, and 10 cents per hour for road employees, effective January 1, 1951, plus cost-of-living adjustment of 8 cents per hour effective April 1, 1951?

A $2,910,000, on annual basis.

Q What do you estimate the cost, on annual basis, of the 28-1/2

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cents per hour wage increase for yardmasters effective October 1, 1950, plus cost-of-living adjustments totaling 10 cents per hour as of April 1, 1951?

A $62,000, on annual basis.

Q What is the aggregate of these three sets of figures you have just called?

A $8,495,000, on annual basis.

Q To which must be added pay roll taxes of how much?

A To which must be added pay roll taxes of at least $150,000, on annual basis, bringing the grand total of the increased wage bill of Coast Line to $8,645,000, on annual basis.

Q What about maintenance expenses, both maintenance of weyand structures, and equipment?

A The estimate prepared for use at the February hearing did not give full consideration to a partial restoration of Coast Line's maintenance forces commencing the latter part of 1950, which partial restoration continued progressively until March, 1951, nor, to the full extent, to cost of maintenance work performed for Coast Line during same period by outside contractors.

Said previous estimate also understated expenses that will have to be incurred to maintain the shop output of repaired and rebuilt cars to meet increasing car demands of the shipping, also traveling public, including, of course, military travel.

Q Your estimates are presented on the five bases described by Dr. Parmelee?

A Yes.

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For ready reference, the five bases are also explained on sheet 3 of my Exhibit Alldred-Washington 3.

Q Does sheet 2 show prospective 1951 net railway operating income based on assuming no further increase beyond the April 4, 1951, increase, also based on substitution of a 15 percent increase now requested, the latter on an annual basis, and the rates of return which would be produced by each, and to which estimates you have earlier referred?

A Yes. The $5,250,000 figure to which I referred as a possible net railway operating income, if allowed nothing more than the interim increase effective April 4, 1951, appears in line 20 under basis 1, and the $9,585,000 figure as a possible net railway operating income for a full year, if allowed the full 15 percent increase now sought, appears in the same line under basis 5.

The 1.32 percent rate of return for Coast Line is shown in line 21 under basis 1 and the 2.41 percent rate of return for Coast Line is shown in the same line under basis 5.

Q Line 23 indicates that if you obtain the increase sought, one result would be to increase your employment. Why is that?

A In late 1948, and in 1949, due to the decline in volume of traffic and increasing expenses Coast Line was forced then to curtail sharply its maintenance programs, both way and structures and equipment. But with the pick up in volume of traffic handled by Coast Line, starting in May, 1950, and when by August, 1950, the prospect was that the increase in traffic volume might be the

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beginning of a continuing trend, there began a partial restoration of Coast Line's maintenance forces in August, 1950.

Such partial restoration of maintenance forces was gradually built up from August, 1950, through first quarter, 1951.

However, in late March, 1951, it became obvious that improvement in gross revenues, while appreciable, was not sufficient to offset the mounting costs of operation with which we are faced, and to provide a sufficient spread between revenues and expenses to permit, at the first quarter, 1951 levels, continuation of the maintenance programs and at the same time to produce the cash required for Coast Line's substantial commitments. Therefore, commencing in late March, 1951, it became necessary to again curtail, or in instances suspend, our maintenance programs.

Such curtailment or suspension can only be regarded as temporary, since the work contemplated in the suspended programs is essential and cannot be too long deferred. The programs cannot, however, be resumed until the necessary funds, through earnings, become available.

Present and anticipated volume of traffic alone is insufficient to provide Coast Line with the necessary funds, and increased rates and charges are required.

Q So your situation is that it is so serious in your judgment that you have had actually to lay men off?

A Yes. Of course, if we do not get relief through increased earnings we will lay more men off.

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Q What do the reductions mean in number of employees and in reduced monthly pay rolls?

A Reductions in Coast Line forces effected in March-April, 1951, amounted to 1,142 employees, with resultmt reduction of $302,000 in monthly pay rolls. In addition, it was necessary to discontinue, or to suspend, certain important maintenance work which was being performed by outside contractors for Coast Line. This resulted in reduction in an unknown number of men in contractors' forces engaged in work on Coast Line property, and reduction of $437,000 monthly in amounts paid to those contractors. There will be reductions in addition to the $437,000 monthly in amounts paid to contractors as projects now being accomplished bythe use of contractors approach the early completion of each presently unfinished job.

The pay roll reduction, company forces and contract work combined, which presently amounts to $739,000 per month, represents by no means a true saving, because this essential work has been only deferred. It must hereafter be performed and paid for when the cost of doing the work may be even greater than represented by present costs.

Q It appears from line 23 that Coast Line's estimated total employment in 1951 is greater than in 1950. Is that correct?

A Yes. Due to increased volume of traffic, the average number of employees for 1951, especially in transportation service, can be expected to be somewhat higher than the average for 1950,

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notwithstanding the enforced reductions in maintenance forces to which I have referred.

Coast Line's mid-month reported count of employees for May, 1950, was 16,642. Thereafter, employment rose until number of employees reached 18,668 by mid-December, 1950.

There, again, I should emphasize the fact thatthat does not include any men on pay rolls of contractors, they are men strictly on Coast Line's pay roll.

The mid-month count for March, 1951, had reached 20,956, including 875 extra-board transportation employees who were not counted under the Commission's rules for reporting employees in service, prior to January 1, 1951, and, of course, not including forces on contractors' pay rolls but at work on Coast Line.

The mid-month count for April, 1951, was 20,247 employees, including 1,060 extra-board transportation employees.

Q Have you sought to find means other than applying for a rate increase to overcome your rising expenses?

A Indeed we have. Through dieselization--passenger, freight, and switch; through reduced train-miles, both freight and passenger; through heavier loading of trains, particularly through freight trains on main and secondary main lines; through abandonment of unprofitable branch lines, and through curtailment of unprofitable branch lines, and through curtailment of unprofitable passenger train service Coast Line has reduced its transportation expenses.

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Through such methods of improved operating efficiency, Coast Line's transportation expenses, as reflected in the usual statements filed with the Commission, were reduced, 1950 compared with 1948, approximately $7,685,000; but rising wage rates and increased costs of material and supplies since 1948 have simply outrun, and continue to outrun, our ability to overcome such increased costs through greater efficiency and prudent economies.

Q Do your estimated expenses take into account economies that may be effected through further dieselization and other additional improvements in the art of transportation?

A They do, and full effect has been given, particularly, to the expected deliveries of 260 additional units of dieselmotive power during 1951. I may say that 78 of that number have been shipped and probably on Coast Line rails today.

Q In line 11 of sheet 2 you show under basis 1 estimate of expenses for maintenance of way and structures of $32,500,000 for year 1951. How much did such expenses amount to during the first quarter?

A For the first quarter, $9,521,000, or 29 percent of the total amount estimated under basis 1 for year 1951.

Q So to live within your estimate, your expenditures for maintenance of way and structures for the other nine months of 1951 must be at a level for those nine months below the level of the first quarter?

A That is correct, and it must be remembered that theremaining

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$22,979,000 left for the last nine months of 1951 out of the total estimate for year 1951 of $32,500,000, $9,521,000 having been spent in the first quarter, must absorb the wage increases allocable to two months of first quarter, meaning retroactively for February and March--first increase for the non-operating employees having been made effective February 1.

It must also absorb further subsequent increased costs of material and supplies.

Q Why are your maintenance of way and structures and your maintenance of equipment expense estimates greater under basis 5 than under basis 1?

A Because it is essential that the maintenance programs presently curtailed be restored, and we expect to restore them when, and to the extent that, the required dollars become available from earnings.

Q Is maintenance of equipment particularly important at this time?

A Obviously. The national freight car situation, as well as Coast Line's own freight car supply, makes it imperative that Coast Line shop repair program and rebuilding output be kept at maximum levels commensurate with dollars available.

On Coast Line, maintenance of equipment forces were the last to be reduced in March-April, 1951, and we must find means to resume quickly the highly essential interrupted programs.

Q Mr. Davis, in your testimony at the February hearing on the

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interim increase, you illustrated how prices had risen on material and supplies purchased by Coast Line. Have you undertaken to ascertain what the total cost of increases of prices of material and supplies has been on Coast Line since July 1, 1949, also since July 1, 1950?

A I have, through Coast Line's purchasing department.

Q With what results?

A Estimated requirements for year 1951, if such requirements could be purchased at unit prices in effect July 1, 1949, would mean for year 1951 an outlay for material and supplies of $22,572,000.

Such outlay would be $24,114,000 at July 1, 1950, price level, and $27,435,000 at April 1, 1951, price level.

Thus unit prices, increased to April 1, 1951 only, have increased material and supplies costs for estimated 1951 requirements $3,321,000 over the July 1, 1950, price level, and $4,863,000 over the July 1, 1949, price level.

Q Were the price increases to which you have referred reflected in your 1950 operating expenses?

A Of course, some part of such price increases was reflected in 1950 operating expenses, but the greater part was not.

The policy of Coast Line is to conduct its purchases and stores on an overall 90-day basis, with the result that, generally speaking, there is a 90-day lag between cost prices and charge-out prices; in other words, an increase in unit price of

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a given item of material and supplies would not ordinarily be reflected in charge-out price to operating expenses until about 90 days later than the effective date of such increase.

At January 1, 1951, Coast Line material and supplies on hand amounted to the equivalent of about 111 days' supply based on average issues during 1950.

The largest relative increase thus far in prices of material and supplies since July 1, 1949, took place within the period July-December, 1950.

Consequently, purchases during the last quarter, 1950, were, generally speaking, not reflected at all in 1950 operating expenses, while purchases during third quarter, 1950, were reflected in operating expenses in only three months, fourth quarter, of 1950.

Of course, rises in prices since December 31, 1950, which our purchasing department estimates will mean minimum added cost of $481,000 based upon estimated 1951 purchases, were obviously not included in 1950 operating expense.

We anticipate that the price rise which will be reflected in 1951 operating expenses of Coast Line, but which was not reflected in 1950 operating expenses, will certainly exceed $3,250,000, which amount is included in Dr. Parmelee's estimate of $337,000,000 for all Class I railroads.

Q How much of the amount shown in line 26 for accelerated amortization covers power and equipment?

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A $2,400,000.

Q Would that power and equipment have been acquired irrespective of the present emergency?

A No, certainly not at this time. That power and equipment represents purchases in response to the needs and to the call of the nation in the emergency for adequate and expanded railroad transportation.

Q Have depreciation accruals been adequate to provide for purchases of new power and equipment?

A By no means. A substantial portion of the power and equipment included in the base upon which depreciation accruals are currently calculated was, of course, placed in property investment in a period when the purchasing power of the dollar was very much greater than it is today. Depreciation accruals on such lowerpriced--in terms of dollars--power and equipment fall far short of equaling present unit costs of needed replacements.

Q Can you cite some illustrations?

A For example, the cost of a standard box car was $3,350 in 1939; $4100 in 1949, and $5,500 in 1951. The cost of a gondola was $3,200 in 1939, $3,600 in 1949, and $4,800 in 1951.

The prices I have mentioned as being applicable to cars to be delivered in 1951 are not firm prices, but are subject to escalation to the extent that builders' costs for labor and material increase over the level of such costs at the date the orders were accepted.

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There have been similar sharp rises in the price of diesel power. In 1946 Coast Line purchased diesel passenger units for approximately $177,500 each. By 1950, the price of diesel passenger units had risen to approximately $228,600.

In 1946 Coast Line purchased diesel freight units at approximately $145,000 each. By 1950, the price of diesel freight units had risen to approximately $160,000 each.

In 1944--last purchase prior to 1951--Coast Line purchased diesel switching units for approximately $80,000 each. By 1951 the price of comparable diesel switching units had risen to approximately $97,500 each.

Thus far, prices paid for diesel units delivered in 1951 have been the same as 1950 prices but, unless extended, the price control law expires June 30, 1951.

Q You have explained sheet 3. Now, I ask you is there any particular comment you wish to make with respect to sheets 4 and 5 of your exhibit?

A Only that they bring down to more recent date information contained in sheets 5 and 6, respectively, of my Exhibit 12-A.

Q Sheet 6 of Washington-Alldredge Exhibit 3, showing important cash requirements for capital purposes, is a substitute for what sheet in Exhibit 12-A?

A Sheet 7 of Exhibit 12-A.

Q What change does sheet 6 of Alldredge-Washington Exhibit 3 make in sheet 7 of Exhibit 12-A?

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A Our larger cash commitments are revised as of more recent date.

The most important change in sheet 6 of Alldredge-Washington Exhibit 3, as compared with sheet 7 of Exhibit 12-A, is that sheet 6 of Alldredge-Washington Exhibit 3 includes approximately $20,000,000 for 135 diesel locomotives to be delivered in 1951, orders for which had not been placed when Exhibit 12-A was prepared and accepted as part of this record, but to which I made reference at close of my testimony on February 20, 1951.

Lines 4 through 12, sheet 6, show requirements for principal installments payable on equipment trusts and conditional sale agreements, respectively, covering power and equipment already purchased and in service, also on order and in process of delivery.

Q What do principal payments on present equipment obligations amount to, in dollars?

A Using round figures, the amount of principal installment payments on present equipment obligations will be:

Year 1951, $6,147,000; year 1952, $7,800,000; year 1953, $7,540,000; year 1954, $7,540,000, and year 1955, $7,522,000. Total for five years, $36,549,000.

This total of $36,549,000 represents for the five-year period an annual average of approximately $7,310,000.

During the four years previous, 1947 to 1950, inclusive, Coast Line's total payments on equipment obligations amounted to

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$13,836,000, or an annual average of $3,459,000.

This means that Coast Line must, for each of next five years, 1951 to 1955, inclusive, find sufficient cash to make annual installment payments which will average $7,310,000, or $3,851,000 more than the average annual payments of $3,459,000 of the four years previous, 1947 to 1950.

Q What about the program of modernization and extension of signaling?

A Lines 13 to 15 represent only the capital requirements--property investment account--for the program of modernization and extension of signaling mandatory under orders in I.C.C. Dockets 28750, 28750, Sub Nos. 16 and 29543. That program will require an estimated additional $10,000,000 over the five-year period, or an amual average of $2,000,000.

Q What bout the July 1, 1952, bond maturity?

A Line 17 shows maturity July 1, 1942, of $22,388,000 of remaining outstanding first consolidated mortgage 4 percent bonds. At the February hearing I explained that in 1950 the Coast Line created a new mortgage known as its general mortgage,and obtained authority to issue Series A Bonds thereunder,and to offer to holders of first consolidated mortgage bonds--then aggregating $50,724,000 principal amount--general mortgage Series A bonds in exchange for first consolidated mortgage bonds.

Under that offer, a total of $27,536,000 principal amount of first consolidated mortgage bonds were exhanged for general

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mortgage series A bonds, and, for sinking fund purposes under theprovisions of the general mortgage, there has subsequently been acquired $800,000 principal amount of first consolidated mortgage bonds.

I do not intend to leave the impression that the remainder, $22,388,000, of the July 1, 1952, maturity is expected to be met with treasury cash, but that maturity represents an early financial undertaking and between now and 1952 Coast Line must earn a fair return on its investment in order to obtain reasonable refunding terms to fund the remaining $22,388,000.

Q Will you summarize capital requirements for the next five years, including 1951?

A Summarizing, presently foreseen capital requirements for 1951 to 1955, inclusive, for which Coast Line must find approximately $69,000,000 to meet outstanding commitments:

$36,549,464 for principal installments on existing equipment obligations and on power and equipment on order and partially undelivered;

$10,000,000 for mandatory modernization and extension of signaling;

$22,388,000 for maturity, July 1, 1952, of remaining outstanding first consolidated mortgage bonds;

$68,937,464, total for years 1951 to 1955, inclusive.

Q What has theCoast Line accomplished in debt reduction in the last 10 or 12 years?

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A Coast Line accomplished marked reduction in its bonded indebtedness in years 1939 to 1945, but in 1946 to 1950 little further reduction was made because earnings did not permit. In 1950 and thus far in 1951 bonded indebtedness has been reduced through purchases for sinking fund purposes for general mortgage bonds as follows:

First consolidated mortgage bonds, $800,000;

General mortgage bonds, Series A, $827,000;

Total, $1,627,000.

Contrariwise, Coast Line's equipment debt has been mounting steadily since 1946, due not only to the urgent need which made essential the purchase of additional power, need for which continues, but due also to the rise in prices of power and equipment.

Q What effect will that increasing equipment debt have on total indebtedness?

A To pay for power and equipment to be delivered during 1951, Coast Line will add equipment debt in 1951 estimated at slightly more than $50,000,000.

This will causeequipment debt, at December 31, 1951, to reach an estimated $88,091,264, or nearly seven times as great as at December 31, 1946, when the equipment debt figure was $13,492,16[illegible]. And will bring overall debt, including bonded debt, to an estimated $169,847,464, which will be about 75 percent greater than the total at December 31, 1946, when it totaled $96,997,3[illegible].

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Q It has been suggested that interest rates which railroads pay for new money represent the one unit cost in which the trend has been downward, or at least not upward. Have you found that to be the case?

A No, unless comparison is made with obligations incurred, say, 25 years or more ago.

Coast Line's power and equipment purchases in recent years have been financed generally through conditional sale agreements and without down payment. In 1946, Coast Line was borrowing funds through such media and at interest rate of one and one-half percent.

With practically each successive conditional sale financing operation in intervening years the interest rate has increased. Conditional sale agreements have been entered into covering purchase of 125 units of diesel motive power, to be delivered during first half of 1951, with overall effective interest rate of 2.85 percent.

Evidencing the further rise in interest rates, conditional sale agreements entered into just a few months later, and to finance purchase of the 135 units of diesel motive power, and 1,500 freight train cars, all to be delivered during last half of 1951, carry overall effective interest rate of 2.96 percent.

In recent years Coast Line has entered into only one equipment trust, namely, equipment trust series J, issued March 1, 1949. Certificates under that equipment trust were sold in two series,

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just a few months apart. The first series bear interest rate of 2-1/2 percent; the second series carry interest rate of 2-3/4 percent.

Thus, the trend as to rates of interest on equipment trust certificates, too, is upward.

Q What does that mean in the way of increased yearly interest charges on funded debt the Coast Line will have to pay?

A In 1946, interest on funded debt amounted to $3,777,808. For 1951, it is estimated at $5,127,590.

Mr. James: Does that represent merely the increases in interest rates, or is part of it increase in equipment?

The Witness: Oh, increase in equipment, surely.

Q (By Mr. Grubbs) Does sheet 7 of your exhibit correspond to sheet 9 of Exhibit 12-A?

A Yes, except that it begins with 1941 instead of 1939, and adds estimated gross expenditures for additions and betterments, road and equipment, for years 1951 through 1955.

Exhibit 12-A showed that for the 12-year period, 1939 to 1950, gross expenditures for additions and betterments for roadway amounted to a little over $42,000,000, including an estimate for 1950, which estimate proved to be about $600,000 short.

Sheet 7 shows that for the five-year period, 1951 to 1955, we anticipate gross expenditures for additions and betterments for roadway of $36,000,000.

Exhibit 12-A showed gross expenditures for additions and betterments for equipment, including an estimate for 1950 which

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proved to be about $130,000 too high, aggregating $111,500,000 for the 12-year period 1939 to 1950.

We expect gross expenditures for additions and betterments for equipment for the five years 1951 to 1955 to be approximately $111,000,000. This amount includes, in addition to cost of power and equipment now on order and to be delivered in 1951, provision for purchase in years subsequent to 1951 of needed 150 additional diesel units and needed 4,800 freight train cars, if Coast Line can afford to purchase either the additional diesels or the additional freight cars.

The estimate on sheet 7 of Alldredge-Washington Exhibit 3 of $58,470,000 of capital expenditures, road and equipment combined, in 1951, is included in Dr. Parmelee's estimate of $1,376,000,000 for Class I roads as a whole.

Q Mr. Davis, how much has Coast Line's average revenue per ton-mile gone up commencing with the effective date of the final order in Ex Parte 162, or since January 1, 1947?

A Average revenue per ton-mile on Coast Line has increased from 1.1 cents in 1946 to 1.403 cents in 1950, or 28 percent.

However, as indicative of a trend, our average revenue per ton-mile in February, 1951, was 1.348 cents, a decrease of 11.6 percent under Coast Line's average revenue per ton-mile in February, 1950.

Q As of December 31, 1950, it has been estimated that the general increases in freight rate levels, beginning with Ex Parte

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162, have averaged 57.3 percent for the nation and 58 percent for southern region. How do you account for Coast Line's revenue per ton-mile during the same time being up only 28 percent?

A There are probably a number of reasons, the least of which has been the necessity of selectively reducing rates here and there on certain commodities to meet competition from other forms of transportation. I trust, however, that the Coast Line has not unwarrantedly reduced any such rates. I believe that to be the fact.

Other more important reasons are reductions in the prescribed percentages of increase due to required maxima, or hold-downs; numerous exceptions made by various State commissions for intrastate application ofthe interstate increases, particularly on commodities which move in heavy volume intrastate, such, for example, as pulpwood and roadbuilding aggregates, together with extreme slowness of some State commissions to act; also change in the composition of overall freight traffic transported, that is, a trend toward vastly greater relative increases in volume of the lower-rated commodities, such as crushed stone, sand, gravel, pulpwood, saw logs, sugar cane, etc.

Q Are you apprehensive that the increases here sought would drive business from the rails?

A No. Other forms of transportation, including unregulated trucks, cannot escape the rising costs of operation and they, too, are finding it necessary to increase charges for their

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services.

I am confident, therefore, that further increases in railroad freight rates up to the full 15 percent--meaning, really, 13.3 percent because that is what the 15 percent will shake down to on Coast Line because of maxima or hold downs, but the 15 percent with that modification here sought will not mean net loss of revenue to other forms of transportation.

Mr. Fields, our vice-president-traffic, shares that view, as is exemplified by the fact that in preparing the Coast Line's revised revenue estimate presented in this case Mr. Fields anticipates that revenue ton-miles would be the same under either of the five bases.

Of course, I think that freight rates on any given commodity should remain fluid, and the railroads have the right, and should exercise that right, to propose such changes or revisions in freight rates which, after study, are found to be justified by competitive conditions.

As I said on cross-examination on February 20, 1951--record 287-288:

"The freight rate fabric of this country has never been static and probably never will be. Changes are required from day to day; that has happened in the past, and will happen in the future. Each situation has to be treated on its respective merits at the time it arises. No rate fabric, therefore, has ever been made static and unchangeable and this one will not be.

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needs.

Q What steps has Coast Line taken to increase its car supply?

A During 1950, Coast Line obtained, under the equitable lease plan, a total of 609 freight cars, and, since Januaryl, 1951, has obtained under the Equitable Lease Plan 691 additional freight cars, making a total of 1,300.

Another 500 freight cars will be completed in July, 1951, for Equitable by the builder and the cars will then be leased by Equitable to Coast Line.

Additionally, Coast Line has on order, for delivery commencing in April, 1951, and spread over the remainder of 1951, a total of 1,900 freight cars, the cars to be acquired under conditional sale agreements.

Thus, in the two years 1950 and 1951 Coast Line has arranged to add a total of 3,700 cars to its freight car ownership--lease from Eqitable being, insofar as availability is concerned, the equivalent of ownership.

Present indications are that Coast Line's freight car ownership may possibly not be adequate in view of the current demand nationally for freight cars, even after addition of the 3,700 cars referred to. The management is considering placing further orders, but can do so only if earnings permit.

The cars already on order, and such additional cars as may be ordered, must of course be paid for, and dollars to pay for them can come only from or through earnings. That fact is one of the

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principal reasons why we need the increase in freight rates now sought.

Q Mr. Davis, after allowing for the effect of maximum increases, or "hold-downs," what does the 2 percent interim increase in effect since April 4, 1951, interstate, andnow before State commissions for approval intrastate, shake down to, employing your phraseology?

A 1.77 percent.

Q For the Coast Line?

A For the Atlantic Coast Line.

Q I believe you said that assuming that the 15 percent increase now sought is granted for both interstate and intrastate application, and after allowing for maximum increases or hold-downs what would the 15 percent shake down, as you say, to, for Coast Line?

A About 13.3 percent.

Q 13.3 percent?

A Yes, and by deducting the interim increase of 1.77 percent now in effect interstate from the overall 13.3 percent now sought, the remaining figure of 11.53 percent results and represents the additional increase we are seeking, referring to 15 percent as the figure we are seeking for our line.

Q I believe Coast Line's estimate of freight traffic volume and freight revenue are more optimistic than estimates of the Class I railroads generally, as you estimate an increase of 21.9percent in revenue ton-miles, 1951 compared with 1950, and with the

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2 percent interim increase, and assuming no further freight rate increase, you estimate an increase of 17.4 percentin freight revenue, 1951 compared with 1950?

A That is correct, although, I have said, Coast Line may be overly optimistic in its estimate.

Q Then the difficulty anticipated by Coast Line in obtaining, through earnings, needed dollars is attributable to the level of operating costs rather than to estimated level of traffic volume?

A That is correct.

Q Now, your testimony with respect to wage increases in short is that the effect of wage increases now known, and the probably min mum wage increase for the operating group with which settlemer : has not yet been effected, will add to Coast Line pay rolls and pay roll taxes a total of $8,645,000 on an annual basis; is that correct?

A That is correct.

Q Your testimony is, I believe, that increased costs of materials and supplies will mean increased outlay of about $3,250,000 for 1951 compared with 1950, for materials and supplies based on estimated 1951 requirements?

A That is correct.

Q So you anticipate added costs on an annual basis, wage increases and increased costs of materials and supplies combined of nearly $11,900,000?

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A That is correct.

Q Because of those increased costs your testimony is that Coast Line has had to curtail certain needed maintenance programs which must be restored, but which cannot be restored until the necessary funds through earnings become available; is that correct?

A That is correct.

Q And over and above needed restoration of maintenance programs, Coast Line must have a substantial residue of net income to meet outstanding cash commitments; is that correct?

A That is correct.

Q I think your testimony is that installment payments on equipment obligations, for which commitments have already beenmade, will average, for the five year period 1951 to 1955, approximately $7,310,000 per year; is that right?

A That is correct.

Q And that compares with your annual average for the four years previous, 1947 to 1950, inclusive, of $3,459,000?

A That is correct.

Q Your testimony is that you are engaged in a rather extensive program of modernization of signaling and extension of signaling which is mandatory under orders of the Commission, which will involve annual expenditures of some $2,000,000 in the same period, namely, 1951 to 1955.

A That is correct.

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Q And you have a bond maturity on July 1, 1952, presently amounting to $22,388,000?

A That is correct, the amount being $22,388,000 though I explained that I did not mean to imply that it is expected that such maturity will be met with treasury cash.

Q But you say that you must have reasonable earnings to effect a refunding operation on reasonable terms.

A Of course.

Q Now, reverting to your estimate of traffic volume, namely, 9,116,800,000 revenue ton-miles in 1951, compared with 7,480,213,000 actual revenue ton-miles in 1950, that means, does it not, that if your estimate is realized Coast Line will transport 1,636,587,000 ton-miles more in 1951 than in 1950.

A That is correct.

Q Yet, because of the various factors concerning which youhave testified, even if the full 15 percent increase sought should be granted, you anticipate, on an annual basis, net operating railway income of $9,585,000, which represents a reduction of $231,668 under the actualnet railway operating income of $9,816,668 for 1950?

A That is correct.

Q I take it from what you have just said that you regard it as essential to the well being of your railroad that the increase here proposed be authorized. Is that correct?

A Yes. Coast Line must have relief through increased freight

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rates to be able even to meet commitments already made. More funds are needed to resume essential maintenance programs recently necessarily curtailed because of lack of dollars.

It is evident that the railroads cannot long remain solvent if, on the one hand, they are forced to pay the rising wage costs forced upon them; to pay the rising costs of materials; to bear increases in taxes--over which costs or expenses they have no control, and also incur indebtedness for the purchaseof power and equipment needed in the public interest; and, on the other hand, be denied reasonable rate increases to offset such inescapable expenses or costs, as are other important segments of the nation's industry allowed to increase prices, and I think justifiably, to meet increased costs forced upon such other segments of the nation's industry.

Just why a reasonable public, including important departments of the Federal Government, should expect the railroads to suffer the increased costs put upon them without being permitted offsetting and compensating increase in freight rates is, to me, certainly not understandable.

Mr. Grubbs: If Your Honors please, I offer at this time Alldredge-Washington Exhibit No. 3.

Commr. Alldredge: Without objection it is received.

(Alldredge-Washington Exhibit No. 3, Witness Davis, was received in evidence.)

Commr. Alldredge: Cross-examination.

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CROSS-EXAMINATION

Q (By Mr. Kirby) I represent one of those Government departments to which I assume you refer in your closing remarks, and in which I am much interested.

A What department do you represent?

Q The General Services Administration.

A I include you.

Q Thank you.

And you say that you cannot understand why these Government departments, and I quote, "should expect the railroads to suffer the increased costs put upon them without being permitted offsetting and compensating increase in freight rates is, to me, certainly not understandable."

Now, do I understand that you, and the other roads, are asking for an increase of rates sufficient to cover your increased costs?

A If we were to, speaking for Coast Line, if we were to attain what is shown under basis 5 filed this morning, the Coast Line would wind up with less net railway operating income in 1951, even with the increase in ton-miles, also with the increase in passenger-miles, than we earned in 1950.

Q Well, now, to go back, I ask you whether or not your application here is for an amount only sufficient to cover your increased costs?

A Well, the costs as well as the ton-miles, are all estimates.

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That is the best estimate we can make, based on the estimate of ton-miles being accomplished and passenger-miles being accomplished, and the expenses as indicated, the answer is "yes," but, of course, there are a large number of factors that I mentioned that cannot be made definitely by you or me or anybody else.

Q I appreciate that, and I wonder if you would be willing to amend the application of the Atlantic Coast Line for such increase as would only cover those estimated increases in costs?

A I certainly would not, and I would like to point out to you that without an increase our rate of return will be 1.32, and if we get it it will be 2.41, which I don't think any reasonable person can say is high.

Q One other question: Did I understand your testimony to imply that you have the mistaken notion that the Government is objecting to your getting any freight increase?

A Yes, I hope I am wrong on that, and I certainly would like to have you correct me on that.

Q I will be glad to do that.

A Thank you.

Q You are mistaken in that?

A To the extent that you say the department you represent and the other departments represented by you here today I assume are willing to have an increase, then I would gladly modify what I said at the closing of my direct testimony.

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Q Would you be willing to recommend to the other railroads that you think the application should be amended by yours, and the other lines, to cover only your increased costs to which the Government would heartily concur?

A I have said to you that the rate of return which we would receive under the authority if granted to permit us to increase our freight rates to 13.3 percent interstate and intrastate would represent a rate of return which I think is low--I would not amend it, and I will tell you further again that it would mean for the Coast Line in 1951 less net railway operating income than we received in 1950, although we would handle an increase in revenue ton-miles of 1,637,750,000.

Mr. James: Wouldn't it be true that your road, and others, are not asking exclusively and merely rates which would offset and compensate for recent increases in costs? You are asking for more than that. You are asking for what you regard as a more reasonable rate of return; isn't that true?

The Witness: No, I do not think that is true. We are not earning a reasonable rate of return. Of course the 6 percent has been referred to as an ideal. I don't think that we can hope to reach that ideal except gradually, if ever, and we are certainly not asking for it here in this petition, nor before the North Carolina Commission.

Mr. James: No, but I understand you are asking for something better than you are now earning in that direction?

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The Witness: More net revenue than we are now earning?

Mr. James: A higher rate of return.

The Witness: Well, we expect to perform more service, and we expect to be paid for that service.

Mr. James: But you are asking for a higher rate of return which you regard as a fair one?

The Witness: On the increased volume, yes. We wouldn't get anything but 1.32 unless we get further increases in our freight rates. Of course, our rate of return last year in 1950--

Mr. James: Well, I was only trying to clear up the matter of whether or not this last statement of yours was limited, and whether you were asking only for increases which would be limited by merely offsetting and compensating for recent increases.

The Witness: Of course, it is difficult, Mr. Commissioner James, to know exactly how we are coming out with respect to the volume this year in 1951, and our request is predicated upon the best judgment figure that we can put together. That, of course, is a judgment figure. It is and cannot be made an accurate estimate. It is the best we can do, however.

Mr. Potter: May I ask a question for clarification at that point?

Mr. Kirby: Certainly.

Mr. Potter: In this proceeding, as in other general rate proceedings, the rails have prepared and presented to the

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respective commissions a composite showing.

The Witness: Yes, usually through Dr. Parmelee's exhibit speaking for all the roads.

Mr. Potter: Some of these questions and answers you have given apply particularly to your road?

The Witness: Yes, because actually probably no two railroads would fare exactly the same under any one of these applications that have been made in the past, or today, because of varying conditions of traffic and other things that occur on a particular road.

Mr. Potter: We understand that quite thoroughly, but the point I wanted to make was would your observation with regard to increased rates to cover these increased costs that you have referred to, that should be calculated on an individual road basis, or on the collective basis?

The Witness: I think you have to take an overall view of it. I don't see how your Commission, or the Interstate Commerce Commission, fix the basis of rates on one railroad in California and not on a different basis for another railroad. As I have said in the case of the Coast Line, there is a lot of maintenance work which we should do. We have stopped it in part, and will have to stop it further if we do not get relief. That sort of situation differs on different railroads.

Mr. Potter: I want to be clear in my own mind, that if this were done on a composite basis, something like that you had

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suggested, thatthat would meet your situation. That is, you would have to work out your salvation within that--

The Witness: Within that framework. Oh, yes, each railroad will have to work out its salvation within the framework prescribed by the Interstate Commerce Commission, and I hope authorized by the State commissions as well.

Q (By Mr. Kirby) Is it essential that it be on a composite basis or it could be done on a regional basis?

A I don't think it can be done on a regional basis. It ought to be done on a national basis.

Q Taking the interim basis where the Commission set up three different percentages, that is 4 percent and 2 percent and 2 percent, I would like to ask you wouldn't that indicate that the Commission set it up on a regional rather than on a national basis?

A I don't think that the Commission treated the southern and the western lines fairly in that matter. I think we should have had--I think all of us should have had the 6 percent interim increase, all the rails.

Q Now, going back to the estimates which you have referred, could you give us an approximation of how accurate you consider your estimates to be, percentagewise?

A The question was how accurate?

Q Yes.

A Well, I think that I might at this time indicate to you just

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how the Atlantic Coast Line's estimates are put out and put together.

Q Well, I was not interested in that so much. I was wondering if as a rough percentage figure where it is one percent or three percent.

Commr. Alldredge: He is trying to find out what margin of error you had in your own mind when these estimates were made.

The Witness: Thereis probably some margin of error, but I don't know whether it is on the high side or the low side.

Commr. Alldredge: You said these are based on your usual procedures, these estimates?

The Witness: I said that our estimates are furnished in the so-called 15 percent case varied somewnat from whatwe put in the interim case, that the Atlantic Coast Line put in the interim case, because we took a new look at it after the figures for the first quarter were avilable to us.

Commr. Alldredge: Do you make estimates yearly or quarterly?

The Witness: Yes, we do in a rather rough way. The traffic department undertakes, and to say what our June earnings will be, for example, but not for a long period. It is only for a month or two.

Commr. Alldredge: You have no historic basis?

The Witness: No, not like Mr. Sheppard for the Illinois Central, or like Mr. Kiley of the Milwaukee. No, we do not.

Q (By Mr. Kirby) You would not hazard an estimate here?

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A No, I would not. It may be too high, as I said, or it may be too low. Like any other estimate you cannot be accurate about that.

Q As to these traffic and revenue estimates, am I proper in assuming from your own testimony, and from the verified statement filed by Mr. Fields, that that is traffic and revenue estimates that are his responsibility?

A The traffic estimates are his responsibility, but the others were not. The verified statement of Mr. Fields deals with the traffic estimated, which was furnished Dr. Parmelee for inclusion in his Exhibit No. 42, along with estimates of the other 33 railroads, and is the basis insofar as traffic volumes and revenues are concerned of the figures used in my Alldredge-Washington Exhibit No. 3.

Estimate of operating expenses of Coast Line for the year 1951 was prepared by Coast Line's operating department, with the assistance of Coast Line's accounting department.

Estimate of maintenance of way and structures expenses was primarily prepared by Coast Line's chief engineer and members of his staff, including office forces.

Estimate of maintenance of equipment expenses was prepared by Coast Line's general superintendent of motive power and equipment, and his staff, including office forces.

Estimate of transportation expenses and miscellaneous expenses--dining car expenses--was prepared by Coast Line's

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general superintendent of transportation and his staff, including office forces.

Estimate of traffic expenses was prepared by Coast Line's vice-president-accounts and members of his staff, including office forces.

In making Coast Line's estimates of operating expenses it was necessary, of course, for the department or office primarily responsible for its segment of the consolidated estimate to obtain information from other departments, particularly purchasing and accounting departments, and to be advised of the volume of traffic estimated by the traffic department.

Operating expenses for Coast Line were estimated for year 1951 through use of actual operating expenses for first three months of 1951--although March, 1951, was partially estimated.. and estimate for months April-December, 1951, based on trend during first three months, viz., January, February, and March, adjusted for such principal factors as:

Increase in wage rates and material prices over and above those included in accounts for first three months of 1951;

Estimated traffic volume--giving consideration to Coast Line's seasonable perishable freight traffic from Florida and seasonable passenger travel to and from Florida and the fact that while Coast Line's freight revenue was less during each of the first four months, January, February, March, and April, of 1950, compared with same months, 1949, there were large increases

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in each of the months May to December, 1950, compared with same months, 1949;

Reductions in maintenance programs, particularly maintenance of way and structures to a level during April-December, 1951, lower than the level of January, February, and March, 1951.

In other words, Coast Line's estimate of operating expenses is based on last known actual results, viz., January, February, and March--March partially estimated--1951, with adjustments for recognized changes, such as reduction in maintenance forces, increased wage rates, etc., and is not broken down into individual elements, such as, for example, number of kegs of spikes and bolts to be used in regular road maintenance work, or amounts of various classes of material expected to be used in regular equipment maintenance work, nor are detailed estimates made of such items as amounts expected to be paid to terminal companies or other companies for work done by them for Coast Line, or of amounts Coast Line expects to recover from other companies for work performed by Coast Line for such other companies.

Instead, the recent trend of expenses was used, viz., January, February, and March expenses, adjusted for recognized important factors as just explained.

Coast Line's estimate of operating expenses for year 1951, as presented in this case by Dr. Parmelee, and as reflected in my Exhibit, Alldredge-Washington No. 3, was prepared in the same manner as corresponding estimates have been prepared in previous

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general freight rate cases. It was prepared with thoroughness and care in a conscientious endeavor to give to the Commission the most trustworthy estimates we could present.

The estimate of operating expenses for year 1951 was prepared by and under the direction of responsible officers of Coast Line and, like the estimate of traffic volume, is a judgment figure, representing the informed opinion of a number of Coast Line officers and members of their staff, through what might be termed a reconciliation of individual views. I believe, therefore, that the estimate of operating expenses, as well as the estimate of traffic volume and estimated revenues, represent fair estimates on the several bases specified, but, I repeat, the overall estimate is a composite judgment figure, and I know of no other way in which such estimate would be arrived at.

The following Coast Line officers, by title, participated in the preparation of the composite judgment estimate, and were assisted by numerous members of their staff, also office forces, and probably many others:

Accounting Department:

Lewis F. Ormond, vice-president-accounts;

A. S. Trundle, Jr., Assistant vice-president;

W. E. Hand, Comptroller;

E. A. Anderson, Assistant Comptroller;

G. W. Bennett, General Accountant.

Operating Department:

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L. S. Jeffords, Vice-President-Operations;

C. G. Sibley, Assistant Vice-President;

C. R. Lapeza, Assistant to General Manager.

Mechanical Department:

J. W. Hawthorne, General Superintendent, Motive Power and Equipment;

R. B. Dulaney, Assistant to General Superintendent Motive Power and Equipment;

L. W. Porter, Chief Mechanical Accountant.

Engineering Department:

R. L. Groover, Chief Engineer;

M. W. Clark, Assistant Chief Engineer.

Traffic Department:

J. M. Fields, Vice-President-Traffic;

Ben H. Brown, Assistant to Vice-President;

W. H. Henderson, Freight Traffic Manager;

E. B. Lawrence, Assistant Freight Traffic Manager;

J. B. Sharpton, Passenger Traffic Manager;

J. H. Hatcher, Assistant Passenger Traffic Manager;

T. K. Lynch, General Passenger Agent.

Purchasing Department:

George L. Mitchell, General Purchasing Agent;

L. C. Walsh, Assistant General Purchasing Agent;

L. F. Duvall, Assistant to General Purchasing Agent;

W. B. Creasy, Office Assistant to General Purchasing Agent.

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Transportation Department:

C. S. Sanderson, General Superintendent Transportation.

This composite judgment estimate was put together in respective group conferences rather than through the exchange of written views, and finally worked into the consolidated form in which furnished to Dr. Parmelee.

Q I certainly appreciate your complete statement on this, Mr. Davis.

You have been very detailed.

A Thank you, sir.

Q I understand in your prepared statement that you are testifying in connection with the operating expenses?

A Well, I am giving you the estimate that is prepared by our people and submitted to me as it was prepared. I did not prepare it.

Q And, of course, you accept that statement from them?

A Yes.

Q Could you give us a little information as to how certain things were arrived at on your Exhibit No. 3?

A Before you ask me, I doubt if I can satisfy you on that, although I will do the best I can to answer that, but I am afraid you are getting into a field of detail that I am not familiar with, and I don't want you to think that I am trying to avoid answering.

Q I appreciate that.

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I would like you to explain to me how you converted your revenue ton-miles shown on line 1 and the revenue passenger-miles shown on line 2 of sheet 2 of your Exhibit No. 3 into each of the amounts shown in lines 11, 12, 13, and 14.

Mr. Grubbs: May I offer that Mr. Fields, who is vicepresident of traffic, can answer that, and he will be available for questioning.

The Witness: I started to make the same answer because I think you will gain time and get more accurate information on this from Mr. Fields on that since he will be a witness in this case.

Q (By Mr. Kirby) I am confused now. I understood from the statement of Mr. Fields that he had prepared and was responsible for the revenue estimates and the traffic figures, while, in fact, Mr. Davis was testifying as to expense. That is what I thought his testimony was .

Mr. Grubbs: That is correct.

Mr. Kirby: And that is what I was asking.

Mr. Grubbs: You asked about traffic and revenue.

Mr. Kirby: No.

I wonder if the reporter could read the question.

Mr. Grubbs: Excuse me.

The Witness: I understood the question, I think, and I think I can answer it without having it read.

Mr. Fields, although not responsible for the preparation of

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the figures, he consulted with responsible officials and prepared those figures. I did not participate in them and that is the reason I told you in advance, but I think Mr. Fields can help you.

Q (By Mr. Kirby) I don't mean to press you on an explanation of each item if, as you say, you don't know. That is a perfectly satisfactory answer.

A I don't know.

Q In connection with the various bases shown on your Exhibit No. 3, all five show the same traffic, both freight and passenger.

A I so testified and said that was Mr. Field's view, and he will confirm that when he goes on the stand, I feel sure.

Q Will you please explain to me why in comparing basis 1 with basis 3 traffic expense did not change; the transportation expense went up $100,000, whereas maintenance of way and structures went up $2,500,000?

A Well, the maintenance of way and structures represents work that we suspended, and with respect to the traffic expense that was prepared by Mr. Fields, he being the head of the traffic department, and I suggest you reserve that question for his answer.

Q I don't want to just needlessly continue on this line of questioning. Shall I assume your answer to any other questions in connection with any details of the expense figures would be

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substantially the same, that you don't know?

A Other than the explanation I gave you, as to where and how they were prepared in a general way.

Q Now, I have just some general questions:

Dr. Parmelee mentioned the subject of adequate dividend rates. In that connection, will you please tell me what was your capital stock, as Dr. Parmelee uses the term, on basis 22 on his Exhibit 42 as of December 31, 1950?

A We had out as of December 31, 1950, 823,427 shares of no par value stock. We had preferred stock par value $100 and outstanding to the extent of $155,400, a very small item. Most of our stock, therefore, is of the common stock of no par value, and, as I say, amounted to 823,427 shares.

Q Can you tell me what your common stock is carried on your books at?

A No, I cannot.

How do you mean, carried on our books?

Q On your balance sheet.

A I haven't the balance sheet here. I don't know.

Q Did you participate in any of the estimates of the volume and revenue for 1951?

A No, I did not, except occasionally, as the estimates were being prepared, I was given a chance to look at them and see if I could find anything wrong, and I could not do it.

Q Turning to page 5 on your Exhibit No. 63, are the amounts

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there shown the amounts for which you are now actually committed or do they contain the amounts of commitments you expect to make in the future?

A They are now for what we are committed.

Q Referring to page 7, will you please indicate how much of each of the amounts shown on that page are chargeable to capital account?

A I cannot give you any more information than shown on the statements, because I don't have it with me.

Yes, that is right, it is all capital, surely, on page 7.

Q Would you explain in some detail how you arrived at the estimated amount shown from lines 12 to 16, on page 7?

A Those figures were prepared in the accounting department and furnished to me.

Q Have you examined, Mr. Davis, Dr. Parmelee's Exhibit No. 42, sheet No. 11? That was the sheet dealing with the southern region. Have you examined it to see whether the picture there shown is consistent with your road?

A I was present when he testified, but I don't have a copy of his exhibit. Just what do you have in mind?

Q Well, I refer you to whether it shows the same relationship of revenue and expenses, and so forth.

A I could not answer that without a little research and study.

Q Just as one measure of cost of operation and perhaps for a rough measure, I have divided total operating expenses by

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revenue ton-miles for the year 1950, your figure shown of 1.431 cents, and for 1951, on basis 5, of 1.525 cents, or an increase of .094 cents, or 6.5 percent.

On basis 11 of Exhibit No. 42, the corresponding figures show 1.144 cents and 1.278 cents, or an increase of .134 cents, or 12 percent. That is nearly twice that for your road. Can you suggest any reason for that disparity?

A It does not occur to me at the moment. Of course, I am not familiar with the figures except as you call them to me quickly. I didn't put them down.

Q Would you like to follow those down?

A No, I don't think I could give you a very good answer to that.

Q For the eastern roads, including Pocahontas, the figures are 1.309 cents and 1.414 cents.

A These figures are for the first quarter of 1951?

Q That is for the whole year. Now, those two figures which I have given you are an increase of .105 cents, or 8 percent. Now, comparing the eastern roads with the southern roads, and based on your intimate knowledge of your own road, can you explain that difference; that is, between 8 percent and 12 percent, since it would imply that the efficiency of the southern roads is decreasing relative to the eastern?

A Did you say increasing or decreasing?

Q Decreasing relatively to the eastern roads, or that material

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costs are rising faster for the southern roads, or both?

A I think the cost of material and supplies is the same with practically every railroad, so far as a base price is concerned. Some have to pay more because they have to pay more transportation charges on them. I don't think there is any basic difference in the price of rail, for example, or other items. I think it is pretty uniform throughout the country.

Q Will you accept that a cost index furnished the Government by Dr. Parmelee a few days ago shows that the cost of materials, supplies, and fuels, for the southern region, increased one percentage point between January 1, 1951, and April 1, 1951, while for eastern that increase was five percentage points? That would indicate that costs are not indicating faster, but, on the contrary, are increasing at a much slower rate for the southern than for the eastern.

Now, assuming that is so, then the total expense per ton-mile you imply on sheet 2 of your exhibit must mean that the efficiency of the southern railroads, as a whole, including yours, is declining relative to eastern railroads if your estimate of expenses is correct.

In your opinion, which is it, declining efficiency of the southern roads, or an overstatement of expenses on the part of the southern railroads?

A I don't think it is either. As you probably know, the southern roads have been more nearly dieselized toward the 100

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percent goal than roads in some other parts of the country, but I don't admit any decrease in efficiency on the part of the southern roads, nor do I admit that the cost of materials and supplies varies throughout the nation except as tothe cost of transportation factor on such supplies enters into it.

Q Now, I would like to take you back a ways to sheet No. 2 of your Exhibit No. 3. There you show an increase in ton-miles of 22 percent as between 1950 and 1951, an increase in expenses in basis 5 of 30 percent. How much of that increase in expenses is an unavoidable increase, such as increased wages and prices of materials, and how much of that increase in expenses is due to spending money because you have it available?

A We are not spending it because we don't have it available. We stopped a few months back.

Under basis 5, as I have indicated, if we get what shows on line 20 under basis 5 as a net railway operating income for this year of $9,585,000, we expect to and, of course, cannot possibly get it now because a good part of the year is gone, but if we had been able to get it we would have stepped up our maintenance of roadway and further increased our maintenance of equipment costs.

Q It is a fact, as shown on sheet 3 of your Exhibit No. 3, that the basis for estimating expenses for basis 5 is the same as for basis 4?

A That is right.

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Q The traffic volumes are the same?

A Yes.

Q Yet expenses under basis are $4,250,000 higher than for basis 4. Can that $4,250,000 increase be ascribed to the fact that the revenues are estimated to be higher under basis than under basis 4?

A It is because if we get the money we intend to spend it.

Q If you were to decrease your estimate of operating expenses under basis 5 by the $4,250,000, and also eliminated some operating expenses, the $2,600,000 of accelerated amortization, that would decrease your estimated expenses by approximately $6,800,000, would it not?

A Well, those are your calculations. I say this, that if we don't get the money we have got to decrease the amount of money than we plan to spend by the figure "X," whatever that may mean, because it depends on whatever our earnings will permit us to do.

Q The estimated expense decrease to which I have referred, of $6,800,000 at a 47 percent tax rate, that reduction in expenses would increase your taxes by $3,200,000, with the result that net railway operating income, and net income, would be increased by $6,800,000 less $3,200,000, or $3,600,000. Would you accept that figure subject to check?

A You made a lot of assumptions that I don't necessarily agree with. I don't follow your lines at all.

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Mr. Kirby: That is all we have, Mr. Davis. Thankyou.

Q (By Mr. Moore) Would you prefer me to talk to Mr. Fields about the maximum that has been fixed on lumber?

A I think you had better do that. He is our traffic vice-president, and I don't think I could satisfy you as wellas he could, so I think you had better try him.

Q I would like to talk to you about section 22 rebates because maybe you don't know the extent to which they are being granted, and I would like to develop such facts as you know.

A Those section 22 matters are handled by the traffic department and not by me, and I think undoubtedly that is something you should talk to Mr. Fields about when he is on the stand.

Q As an executive, to what extent do you have any knowledge, Mr. Davis, of the section 22 rebates being granted by your road?

A I have very limited knowledge about it.

Q I will conclude with it and I hope you will investigate the subject.

Mr. Grubbs: You won't object if I substitute for the word "rebate" the word "quotation"?

Mr. Moore: It is a legal rebate, but it is a rebate all the same, and I want to call it what it is.

Commr. Alldredge: Are there any other questions?

Q (By Mr. Wells) On sheet 24 of your prepared statement, I notice that you have referred to road building aggregates as being an exception made to the various States. I was wondering

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if you have been informed as to how the rates on road aggregates intrastate in Florida are below the level of the interstate rates in Ex Parte 166?

A That is a matter you had better perhaps talk with Mr. Fields about when he is on the stand.

Q In view of the statement being contained in your testimony..

A But I did not say Florida. That is a general statement.

Q Were you familiar with the fact that in Florida some several hundred thousand dollars in difference in charges in road aggregates were as a result of voluntary rates on the part of the Atlantic Coast Line, Seaboard, and others?

A No, I am not.

Q I understood the statement which you interpolated into your testimony, it was that you felt confident that there had been no rate reduction below the maximum level authorized by the Commission's decision in the general level cases, excepting such as had been necessary to maintain your revenue position; is that a correct statement?

A You had better follow my statement a little more accurately. I didn't state it just as you did.

Q You interpolated a statement which was not contained in here.

A I merely said this on page 24, and I was asked about the revenue ton-miles on Coast Line being different on the Coast Line than elsewhere, and I said this: "There are probably a number of reasons, the least of which has been the necessity of

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ctively reducing rates here and there on certain commodities
eet competition from other forms of transportation.
"I trust, however, that the Coast Line has not unwarrantedly
uced any such rates. I believe that to be the fact."
That is stated to me, of course, by our traffic department.
As a general proposition, you are confident that there have
en no reductions made by the Atlantic Coast Line in their rates
cept such as your traffic officials felt were essential to
prove your revenue position?
I hope that is so.
And that is your feeling?
Yes, that is my feeling because I have confidence in my people
ut it is a hope because I don't know every detail of every rate
hat is being prepared and produced.
Q You gave a figure of 1.35 cents per ton-mile as being the
revenue that was used in computing your basis 1.
A No.
Q What was that amount? At the bottom of page 23 you said:
"However, as indicative of a trend, our average revenue per
ton-mile in February, 1951, was 1.348 cents, a decrease of 11.6
percent under Coast Line's average revenue per ton-mile in
February, 1950."
A Yes.
Q Now, was that the amount of revenue per ton-mile used in
computing the freight operating revenue on line 5 of sheet 2 of

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your Exhibit No. 3 filed this morning?

A I think so, yes.

Q Do you know of any reasons other than the reductions in rates that may have been made in the interim that would account for a reduction in 1.403 cents to that amount?

A Yes. A change in the composition of our traffic could easily bring that about.

Q Has there been such a change, to your knowledge?

A I cannot answer that specifically, but there is a change always. It changes. It isn't static. We don't handle the same basis each day per week, or each week per month, or each month per year.

Q Generally speaking, why is it that the estimates of your expenses under 1951 are so much higher than they are in the Seaboard's estimate based upon the comparable amount of traffic?

Comm. Alldredge: We will have to suspend the questioning until 2 o'clock this afternoon.

Mr. Grubbs: May I make one statement?

Witness Devilliers understands from the attorneys on the other side that he is excused. If that is so, I want to release him.

Mr. Moody: That is true, so far as the Government is concerned.

Mr. Grubbs: There has been no other request except from the Government.

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omr. Alldredge: Is that true?

r. Moody: I think that is true, yes.

omr. Alldredge: You may release him.

r. Moody: We got a little mixed up this morning on the
r of the witnesses. They did not follow the list. Could we
some idea of whom you will call next?

r. Grubbs: I intend to call Mr. Tilford next.

Comr. Alldredge: All right, we will recess until 2 o'clock
afternoon.

(Whereupon, at 12:33 p. m., a recess was taken until 2 p. m.
the same day.)

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AFTERNOON SESSION

2 P. M.

Comm. Alldredge: The hearing will be resumed.

C. McD. DAVIS

testified further as follows:

The Witness: When we recessed for lunch, and Mr. Wells had asked me in effect why there is such a disparity between the rates of return on investment estimated by the Coast Line and Seaboard, respectively, which are neighboring roads and serve generally the same territory; that was the effect of the question.

CROSS-EXAMINATION (resumed)

Q (By Mr. Wells) It did not specifically relate to the rate of return. It was why the operating expenses for comparable traffic volume was so greatly different?

A I was asked much the same question by Mr. Burchmore when I testified in the interim case on February 20. I should like to now elaborate on the answer then given, and attempt to answer Mr. Wells.

The Seaboard was in receivership from December, 1930, until August 1, 1946--16-1-2 years. During that period Seaboard was able to divert to other purposes earnings which had to be used by solvent roads for payment of bond interest, and when earnings on solvent roads were high enough to justify, pay modest dividends.

That situation was really compounded, since the receivers were

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allowed tax deductions for interest accrued and not actually paid.

Consequently, the Seaboard was able, during the years of relatively thin earnings in the 1930's, to make expenditures for improvements to its physical property, while Coast Line and other solvent roads generally were at times pressed to find money to pay bond interest. Therefore, Seaboard was able to commence the rehabilitation of its property some ten years or more earlier than Coast Line and was, I believe, fairly well along with such program when Coast Line began its own rehabilitation program.

I think it is a fair statement to say that Seaboard emerged from receivership with its physical properties in the best condition in the history of that railroad, though the physical properties of Seaboard have been further improved since, as have been the properties of the Coast Line.

The birth of the reorganized Seaboard in August, 1946, occurred just following the period of relatively high war earnings, during which the receivers of the bankrupt company were able to accumulate substantial funds, which were turned over to the reorganized Seaboard in the form of reserves of various kinds. One such reserve was turned over to the reorganized Seaboard for the purpose of overcoming deferred maintenance.

According to information in annual reports of Seaboard to stockholders, such deferred maintenance reserve amounted at

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December 31, 1946, to $8,186,000, of which $4,574,000 had been spent by the reorganized company on its properties through December 31, 1950, leaving at December 31, 1950, a remainder of approximately $3,612,000 in the deferred maintenance reserve.

Also a special reserve of more than $15,000,000 was turned over to the reorganized Seaboard with, so far as I can determine, very little restrictions upon how such reserve might be used. At the same time there was provided a reserve of $10,000,000 for the reorganized Seaboard to pay such claims against the receivers as might be adjudicated valid.

According to newspaper items, during 1950 it was recognized that that $10,000,000 set aside for claims against the receivers would not be needed for such purpose, and the District Court for the Eastern District of Virginia on November 2, 1950, released that reserve and added the funds to Seaboard's special reserve, making such special reserve at the end of 1950 in excess of $25,000,000.

According to Seaboard's annual report to stockholders for year 1950, since December 31, 1950, Seaboard has used $12,000,000 from the special reserve toward the purchase for cash of 112 diesel units.

I further understand that the reorganized Seaboard had the benefit of other reserve funds, but my information concerning Seaboard is not sufficiently definite to comment thereon.

Thus, the reorganized Seaboar came into possession of a

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railroad property in improved condition, at the same time as it came into possession of reserves for deferred maintenance and the special reserve, including $10,000,000 reserved for claims against the receivers, but later added to the special reserve, combined amounting to $33,486,000, of which $4,574,000 had been spent through December 31, 1950, leaving a remainder of some $28,912,000 at the latter date, though that balance has been reduced subsequently by the cash purchase of diesels to which I have referred.

I make these comments without implying the slightest criticism of Seaboard's management or policies, as Seaboard's management simply took advantage of opportunities afforded by unusual conditions.

With that history, however, it is not difficult to understand why Coast Line finds it necessary to spend more now for maintenance and rehabilitation of its property than does Seaboard, particularly when Seaboard has the advantage of use of funds which, when expended, are not wholly reflected in operating expenses.

Q As I understand your answer, many of the items, if not all that you referred to there, were capital expenditures.

A Some were, of course, and a lot of it charged to operating expence.

Q In essence, your reply, then, is that in your judgment the expense of producing a traffic unit on the Seaboard is, in fact, less than it is on the Atlantic Coast Line?

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A Well, you heard Mr. Knight testify about the C.T.C. progra on the Seaboard, which, of course, is far advanced and probably well on its way to completion. On the Coast Line we have that expenditure yet to make. The fact is that the Seaboard came out of receivership in better physical condition than we were then in. Of course, our condition has improved, as has theirs.

Q Is not the physical condition of your property today the best that it has been in its history?

A I think so, I think that is a fair statement. But there is much more to be done on the Coast Line, and I think from Mr. Knight's testimony, or, rather, his cross-examination, that there is much more that he considers at least that the Seaboard must do. So they are not through with their improvement work, and certainly we are not through with it.

Q To pass on to another topic without going into too much detail on that, Mr. Davis, on sheet 2 of your Exhibit 12-A you showed that in 1948--and that is Exhibit 12-A, which you filed at the interim hearing--you showed that in 1948 you had some $6,700,000 other income, which was more than your net railway operating income; 1949, some $5,400,000-odd, and in 1950, $7,858,000 in other income. And your sheet No. 2, I believe it is, of your Exhibit Alldredge-Washington 3 indicates on line 22 that your net income had increased in 1950 to $12,779,000 which was an increase from $7,700,000 in 1949, and in all of those years the net income was considerably greater than your net

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ailway operating income; is that a fair statement?

I have not followed the figures, but I am sure you have quoted them correctly, and I want to remark there that the Coast Line has, of course, and for years has had, relatively large other income, meaning dividends from the Louisville & Nashville, and from the operation of the Clinchfield and the operation of the Georgia Railroad, etc.

Q Now, on line 22, on sheet 2, of your Exhibit Alldredge-Washington 3 you have shown the net income but you do not show on that sheet the other income that enters into that figure, and also enters into the computation of the federal income tax as shown on line 17. Can you give me the amount of other income that is included in each of the five bases in that computation?

A I do not have it available, no. I can supply it.

Q If you will supply it, please. And, also, can you supply for 1950, and each of those bases?

A You mean bases 1 through 5?

Q Yes, for the estimated 1951.

A Yes.

Q What your federal income tax would have been without that other income.

A I can supply that.

Q Thank you.

We had just referred to the fact that your net income had increased from $5,000,000, 1950 over 1949. And is it not also

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true that in the first two months of 1951 you had net railway operating income of $993,189, and a net income of $2,136,139?

A Without checking your figures, I remind you that I testified that the first few months of 1950, compared with 1949, showed a decrease 1950 compared with 1949. So when you compare the early months of 1951 with the corresponding months of 1950 you get a showing that is relatively better. The Coast Line's year 1950, which was comparatively a good year, started with May. Up to that time our earnings were not good compared with the same months in 1949.

Q As a matter of fact, so far as January and February are concerned--

A Which year--

Q 1951. --you had increases in ton-miles of 28 percent and 35 percent, respectively, over the corresponding months?

A I do not have the percentages, but I know we had an increase, yes.

Q On the basis of the net income that you actually earned in January and February of 1951, if that were expanded six times for an annual basis it would be about the same as the total net income that you have estimated on basis 5, would it not?

A I have told you that if we were to receive the authority to increase the rates to the extent requested, and we have the enormous increase in ton-miles which my Exhibit 3 contemplates, or, rather, anticipates, we would wind up the year with less net

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railway operating income than we had in 1950.

Q I do not think that quite answers the question.

A I did not mean to duck it.

Q I appreciate that.

But if you had net income of $2,136,000 in the first two months of 1951--

A That is something that I cannot go along with because you know enough about the Coast Line's business to know that our summer months are the dull months, and you cannot take January and February in any recent year and assume that we are going to have the same sort of earnings, we will say, in August and September. We have an unusual situation in that we have a seasonal business, and the winter months are our good months, earningswise.

Q That is even taking into account that January and February of 1951 were better than January and February of any recent year?

A That would be true, yes.

Q One other question, Mr. Davis: In all of the references that you have made here to additional freight cars, and to maintenance of equipment--

A Those that we are to acquire or those that we have acquired?

Q Both. Does any of that testimony relate to freight refrigerators?

A No, Coast Line owns stock in the Fruit Growers Express Company. The Coast Line owns no refrigerator cars except 50 express

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refrigerator cars that are used in passenger service. We do not own any refrigerator cars that move normally in freight service.

Q So that none of the capital expenditures to which you have referred, and none of the operating expenses for maintenance of equipment, either past or present or contemplated in your testimony or exhibit, has any reference whatsoever to freight refrigerator cars?

A The freight refrigerator cars are separate and apart from the cars I have described; yes, sir.

Mr. Wells: Thank you. That is all.

Mr. Loos: I would like to ask Mr. Davis a few questions.

Q (By Mr. Loos) Will you please refer, Mr. Davis, to your page 2 of Alldredge-Washington Exhibit 3, please?

A Yes.

Q You show on this sheet, do you not, basis 4 along with the bases for the 1951 estimates?

A Yes. I do not think basis 4 counts so much because that is on a basis of 2 percent, on an annual basis, and we have not gotten it. We are not asking to continue that. We are asking for a substitution--

Q Your basis compared with basis 1 differs only in the respect, does it not, relating to the first quarter?

A Basis 1 is based on the interim of 2 percent, so-called 2 percent effective April 4, with nothing added for the remainder of the year. Basis 4 is for 2 percent on an annual basis. That

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s the difference in the two calculations.

And on the operating expenses, your operating expenses, under asis 1, are shown as actual for the first quarter, and as the pril 1 rates for the other three quarters, are they not?

That is right.

And basis 4 is shown on April 1 wages and prices for the full ear?

That is right.

Then would it not be correct to say that basis 4 and basis 1 re exactly the same for the last three quarters, and differ only n respect of the first quarter?

Well, of course, you are speculating and estimating, as we nd to do.

Did you not make the same estimates for the last three-quarters in each?

Yes.

Then the difference between the two would reflect the difference in the first quarter, would it not, as in basis 1 the actual nd in basis 4 what that quarter would have been at April 1 prices nd rates?

Yes, we knew substantially what the first quarter was, and we alculated the remainder of the year on that basis.

Will you compare your total operating expense under basis 4 f $134,750,000, with the total operating expense under basis 1 f $133,700,000? That is a difference of $1,050,000, is it not?

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A Yes.

Q And that difference represents, then, the increase in costs for the first quarter due to the April 1 price and wage level, does it not?

A Yes.

Q And the only other increase in expenses is in the pay roll expense, is it not, which pay roll tax goes from $4,200,000 to $4,225,000?

A Yes.

Q Now, in the bottom part of your exhibit, line 24, where you show total pay roll, that pay roll is computed for exactly the same number of employees, is it not, basis 1 and basis 4?

A Yes, 18,600,000 employees.

Q And the difference in pay roll under basis 4 is $79,300,000, and under basis 1 $78,400,000, a difference of $900,000; is it not?

A I guess so. I did not make the calculation. That sounds all right.

Q Comparing that $900,000 difference in pay roll with the difference in total operating expense which we found was $1,050,000, would you conclude from that that the remaining difference of $1,050,000 would be due to increases in prices?

A That would seem a fair assumption, yes.

Q Now, the two together amounting to $1,050,000, does not that amount of increased operating expenses represent less than one

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percent of your total operating expenses under basis 1?

A You are making the calculation; I accept your figure.

Q If you multiply the $1050,000, which represents one-quarter, by four, that would be a little over $4,200,000?

A You are making the calculation; I will accept it.

Q If you related that to the total operating expenses under basis 1 would that not indicate, then, what the increase in percentage of increase in prices and wages as of April 1 were in reference to the actual for the first quarter?

A I do not know whether I could admit that. There are too many factors involved.

Q Can you think of any other factor?

A Not at the moment.

Mr. Loos: That is all. Thank you.

Commr. Alldredge: Any further questions of the witness?

Mr. James?

Mr. James: Mr. Davis, you spoke of three methods of acquiring additional operating equipment; that is, by conditional sales agreements, the equipment trust, and Equitable lease plan.

The Witness: That is right.

Mr. James: The new and additional equipment thus acquired by these three methods, is it added to your capital accounts?

The Witness: Not in the case of the Equitable Lease Plan, no, that is not so added The others are.

Mr. James: The other two are?

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The Witness: Yes, sir; just as will be the $50,000,000 we propose to add to equipment debt this year because of the increased diesels that we are buying.

Mr. James: That is, it is added to your net investment in property for rate of return purposes?

The Witness: Yes.

I think you will see on line 3 net investment as of December 31, taking the actual for 1950 of $349,000,000, you will see that we have added $50,000,000 of equipment debt that we plan to assume this year.

Mr. James: Now, the payments which you make on the conditional sales purchases, if such they are, and the equipment trust purchases however designated, to what accounts are those payments to?

The Witness: May I ask one of our men?

Non-operating expenses.

Mr. James: I believe in response to questions by various counsel it was agreed that both net income and net railway operating income for the year 1950 was substantially in excess of that for 1949.

The Witness: That is right. I have the figures here.

Mr. James: It will not be necessary to repeat them.

On the basis of that, Mr. Davis, offhand it would appear not clear why it was necessary for drastic curtailment of maintenance work.

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The Witness: Because we are running out of money, running out of dollars, and they can come only through earnings. We have this enormous wage increase that is upon us, plus the increased cost of materials and supplies compared with 1950, and that is the answer to you.

Mr. James: When was the decision made, or approximately at what time, to curtail maintenance work?

The Witness: The latter part of March. Of course, we have to give notice under our labor agreements, and I think that the first large curtailment was effective on March 28 of this year, 1951, only a few days, therefore, in March, but mostly in the month of April. The notices were given, as were required, but were effective on March 28, 1951, and subsequently.

Mr. James: That is that date was--

The Witness: The effective date is the reduction. The thought was earlier, however. But the retrenchment was made beginning March 28, 1951.

Mr. James: As of the date when the decision to curtail was made, was it then the thought of the company that if the normal maintenance work proceeded there would be for 1951 smaller net income and net railway operating income?

The Witness: I think I might say this, that we, of course, anticipated that we would obtain the interim increase of 6 per-cent, State and interstate, and we did not commence to curtail until we found out so that so far as the South was concerned, or,

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more particularly, so far as the Coast Line was concerned, we would wind up with an increase of only 1.77 percent, and that assumes something that we have not gotten, that is, intrastate application of the same basis of the increased rates. But when we took stock of what was before us we then decided to curtail our maintenance force, and we will have to continue in that direction unless relief comes through increased rates, State and interstate.

Your own Commission, as you know, has pending before it--but, as far as we know not yet acted upon in any way--requests to make applicable within the State of North Carolina the same basis that became effective April 4, 1951, interstate.

Mr. James: I took it that my own State was one of those which must have been covered in the statement that some State commissions were extremely slow in giving responses.

The Witness: On the contrary, I did not have the State of North Carolina in mind. But I prefer not to particularize. The State of North Carolina has not been one of those States that has been very far behind in meeting interstate rates. I beg your pardon, sir, but I did not have your State, nor mine, in mind.

Mr. James: That was not taken as an affront, if you had, I assure you.

I believe that is all. Thank you.

Mr. Grubbs: I have a couple of questions on redirect.

Commr. Alldredge: All right.

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REDIRECT EXAMINATION

(By Mr. Grubbs) Mr. Davis, you were asked by Mr. Kirby whether ou would be satisfied with just enough to cover your increased osts--that is, your increases in wages and materials and sup- lies, and you answered "no."

Now, I want to ask you if you have not been called upon by overnment leaders greatly to increase your equipment and your otive power, and otherwise to make capital improvements on your ailroad to prepare for the present and any emergency?

Certainly, and I asked Mr. Commissioner James a few minutes go reminding him that we are, among other things, adding 50,000,000 this year to equipment debt.

Do you not have to have increased earnings to meet the obli- ations that are thus incurred?

Certainly.

Now, in response to a question by Mr. Wells you indicated hat you would supply information showing the amount of taxes hat were included in your exhibit, particularly sheet 2 there- f, from other sources than from the Atlantic Coast Line, and hat included--

Atlantic Coast line earnings.

Yes, sir; earnings and taxes.

Yes.

Mr. Grubbs: Is that not right?

Mr. Wells: What I asked, was the amount of other income

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that was included in the computation of the federal income tax, and what the federal income tax would be if that had other income had not been added.

Mr. Grubbs: That is right.

Q (By Mr. Grubbs) In other words, the idea was to show a deduction of the taxes that were included, federal income taxes that were included for the Clinchfield, for example, and for the Georgia Railroad; that is correct, as I understand it.

Well, in any event, let me ask you this question: You brought into this picture the income and the federal income taxes that you are required to pay on income from your leased lines where you are a joint lessee of the Georgia Railroad and the Clinchfield. Would you not have an incomplete picture here because you have not included anything in your net investment for those properties?

A Obviously, though I do not think that was Mr. Wells' question.

The answer to your question is "yes." But I did not quite so understand Mr. Wells.

Mr. Grubbs: It is important to understand just what he wants.

The Witness: I was going to take the transcript, because the question is so involved, and answer the question when I get the transcript.

Mr. Wells: If there is any doubt about what I want, I would

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like to get it clarified so counsel will also understand it.

Commr. Alldredge: I think I understand.

You preceded your question by a statement that there had been incorporated in Mr. Davis' Exhibit No. Alldredge-Washington Exhibit No. 3, income taxes paid on income received from other sources, and you wanted to know how much that was in order to eliminate it.

Mr. Wells: That is right.

The Witness: I so understood it.

Mr. Grubbs: That is my understanding.

Commr. Alldredge: Are you through with the witness?

Mr. Grubbs: Yes.

Commr. Alldredge: The witness is excused.

(Witness excused.)

Mr. Grubbs: I call Mr. Tilford.

J. E. TILFORD

was sworn and testified as follows:

DIRECT EXAMINATION

Q (By Mr. Grubbs) Please state your name, address, and occupation.

A My name is John E. Tilford; I reside in Louisville, Ky. I am president of the Louisville & Nashville Railroad, with headquarters at Louisville, Ky.

Q Please outline briefly your railroad experience.

A I have been in railroad work practically all of my adult

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life, and my traffic work began with the A. B. & A. some years ago, before it was combined with the Coast Line. I have been with the Louisville & Nashville Railroad on the last tour of duty since 1937 as vice-president--as assistant vice-president, vice-president, executive vice-president, and now president.

Q Is the Louisville & Nashville Railroad in need of additional revenues?

A Yes, it is.

Q Why?

A Because of the increases that we were required to make in our wages, the increase in the cost of materials, supplies, fuel, and the expenditures for capital improvements necessary to put our road in shape to perform in the national defense.

Q How much additional expenses in wages had the Louisville & Nashville obligated itself to pay on an annual basis since the Korean development?

A Approximately $15,000,000.

Q Have the increases to which you have referred in prices of materials and supplies been minor or substantial?

A Since July 1, 1950, the increases have been quite substantial. Of course, the railroad, like other large corporations, is a large purchaser of materials and supplies to run our property, and we buy nearly everything that nearly other large corporation would use.

To give you some idea of how our prices have gone up since

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nce July 1, 1950, paint has gone up 15 percent; cross ties, 22 rcent; journal bearings, 34 percent; structural steel, 69 per- nt.

Please describe briefly the capital improvements which recent- have been made, and are being made, by the Louisville & shville Railroad?

During the past five years we have invested in additions and tterments a gross amount of $125,000,000, more than that, or n average of about $25,000,000 per annum. During 1950, we cquired 1,100 freight cars at a cost of 5.6 million dollars; 99 iesels, at a cost of 12.8 million dollars; other improvements n that year would aggregate $5,500,000.

In 1951 the authorizations now outstanding exceed $73,000,000. We have on order 7,050 freight cars at an aggregate cost of $38,000,000. We have authorized 105 additional diesel units at a cost of $23,500,000. The order has been placed for 98 of those diesels, and we have still to be placed 57 units.

Q These authorizations, do they mean that the improvements they contemplate will be made?

A Well, we contemplate making them; that is, we contemplated making them until our expenses went up so rapidly and made us pause and review the whole matter, and based on present earnings, with only a 2 percent increase under the interim case I doubt if we could go forward with any confidence in such a huge expenditure.

Q Are there other needed additions and betterments in contemplation on the Louisville and Nashville Railroad?

A Yes. I would say that the next important capital investment that we must undertake would have to do with our terminals. We have on the trestle board now a plan for revising the terminals at the Radner Yard, which is the yard that serves Nashville, Tenn.

If you remember your railroad geograph, the L. & N. and the N. C. & St. L. together have railroads radiating in all directions, and we propose to rebuild that yard and make it adequate for both railroads. The estimated cost would be around $12,000,000. We also need improvement at Boyles, the yard that serves the Birmingham district. The industries in that district are developing very rapidly, the steel industry is expanding, and we are badly in need of additional facilities there. That will cost several million dollars. That has not progressed to the point that the Radner project has. We need improvements in the Strawberry Yard, which is the yard that serves Louisville, Ky. We have already authorized and have under way improvements in that yard that will cost $800,000, and further improvements there will run into several million dollars. There are several more that are needed that have not progressed as far as the three that I have mentioned.

Q Can the Louisville & Nashville Railroad carry on withits program without a material increase in its revenues and rates?

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A In my judgment, we would not be justified in undertaking such large expenditures with the drastic decline in our earnings and unless it could be improved I would have to recommend that they be postponed until better times.

Q In your judgment, are these things reasonably necessary, these that you have mentioned, in the interest of the national security?

A Yes, I think they are.

Q Is it true what you have just said about your inability to go forward without some increased revenues--I believe you said that did apply to your program for capital improvements even for this year?

A Yes, those that have been authorized would aggregate this year--and it would run into the first quarter of next year--$73,000,000.

Q Mr. Tilford, to what extent does deferred maintenance exist on the Louisville & Nashville?

A Well, there is some deferred maintenance on the Louisville & Nashville, we have not been able to get all the steel rail that we have needed over the war years and since that time. There are all sorts of method of computing deferred maintenance. The technical way, if we followed the Commission's evaluation board's rules, it would run quite high. But as I see it, that type of computation could never be met. Some of the things require additional operating cost because the improvements that would

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have been made if the funds were available, or if the materials are available, are reflected in the yearly operating expenses. I have made an effort to estimate the deferred maintenance that we would have to make up as of December 31, 1950, and I believe that the road and structures would be estimated at about $4,000,000, and on deferred equipment about $3,500,000. The latter would include about 2,500 freight cars that are in need of heavy repairs.

May I add just one other thing to that?

Q Yes.

A There is another feature of the deferred maintenance that gives us some concern. It cannot be exactly computed, nor can it be taken into your current accounts. It is the same thing that was mentioned by Mr. Knight. We are equipping our power plant, our locomotives, very rapidly with diesels, which means that we are creating a backlog of maintenance because it will be several years before thosediesels would go through the shops for heavy repairs, and that accumulation will have to be met some time in the future, and that is the type of deferred maintenance that gives us the most concern now. It would be true to some extent of freight cars, too, where we are buying a substantial number of freight cars, as we are in this case, of over 7,000 now on order, that would not have to go into the shop s for heavy repairs for several years. But each year there would be a certain accumulated maintenance that would have to be met eventually

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in our operating expenses.

Q As of the present, your deferred maintenance, as a minimum, as I understand you, is about $7,500, is that right?

A That is my best judgment.

Q If you get the increases here sought, what will it mean for the Louisville & Nashville?

A Well, the best estimate that we can make on our traffic movement, and the expenses for handling it, would show on an annual basis a net railway operating income of 27-1-4 million dollars, which would be a return of 5.6 percent on the net investment.

Q How have your net investment figures compared with the rate-making values employed by the Commission?

A Our net investment account is less than the value that the Commission uses in its comptations of the value of the property for ratemaking purposes. The estimate that was used, or the figure that was used by the Commission in Ex Parte 168, which has been brought down to January 1, 1950, by the Interstate Commerce Commission's Bureau of Accounts, Statement 5112, will aggregate 494.2 million dollars, while the Louisville & Nashville net investment will aggregate 445.7 million.

Q That net investment includes cash, materials and supplies?

A Yes, that is right.

Mr. James: May I interpose one question before we get too far away from this?

Mr. Grubbs: Yes.

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Mr. James: The matter of the deferred maintenance you spoke of in connection with the dieselization program, I understood that you expected that to be some years before that would--

The Witness: It would take about two or three years for it to accumulate before we would have to put it into the shops. Let us assume that we would continue on steam power. The old locomotive that hadreached a point of obsolescence would be relatively few, and we would restore those and probably add some power. Now, we found that the diesel is so much more economical that we are rapidly changing from steam to diesels, and as the bulk of our diesels are new the accumulation for those repairs would not bear on our operating expenses as we go along. We estimate those expenses when we decide whether it will be financially feasible to purchase the diesel. But they do not get into our accounts until the diesel goes into the shop for heavy repairs. I am talking not about ordinary running repairs.

Mr. James: I understand. Is that type of deferred maintenance worthy of more concern than if you had a gradual maintenance in the case you were replacing old steam power with new steam power?

The Witness: I would say by all means, because you are accumulating such a large proportion of your power new at this time. The other way it would come along gradually. You see, there will be a hiatus for a few years where there will be

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practically no heavy repair expense to these diesels.

Mr. James: That is a lightening of the burden as long as it exists?

The Witness: Now; but it is piling it up for the future. Three years hence we will have to meet all this accumulated repairs that have not shown in our accounts currently. It would be very much better, as a practice, if we could by some fashion set up a reserve that would really get into our accounts. The Seaboard is evidently setting up a reserve to take care of those, but it is merely a bookkeeping reserve because it does not get into the accounts until it is actually used.

Mr. James: Thank you.

Q (By Mr. Grubbs) What would the Louisville & Nashville's rate return be using the Commission's valuation methods based on your traffic and expense estimates for 1951? 01 A

A On an annual basis it would be approximately 5.22 percent.

Q Do you regard such a return as high?

A No, I think it would be quite reasonable. If the Louisville & Nashville cannot earn something over 5 percent in times of heavy traffic movement we are really in a very precarious position.

Q Has this estimate of earnings to which you have referred taken into account savings to be effected through greater use this year of diesel electric motive power, and other economies?

A Yes. These estimates all take into consideration the

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economies that we have been able to effect by the use of diesels. They take into consideration other improvements, such as central traffic control, automatic crossing protection, automatic scales, improvement in our machinery, both for shop and road, modern accounting machinery, and, in addition to those economies that we have undertaken to effect, we have endeavored to find ways to reduce our passenger deficit. In the past three years, with some struggling with our State commissions and the courts, we have been able to curtail our local passenger service so that on an annual basis we will save $1,800,000 this year as compared with what it would have cost us if we had kept those local trains in operation. As a matter of fact, it would be more than that because these increased costs would have applied to those services as well as the services we have retained.

Q The wage increase to which you have referred, was anything included for overtime in that--I mean in your expense estimates for 1951?

A Yes, the wage increase that I mentioned before, the $15,000,000 does not include anything for overtime. But we will have a substantial expense, we think, this year, for all the time rates because of our desire to bring our equipment into repair. Overtime spent in the first three months of 1951 aggregated $789,000, mostly in the mechanical department. On an annual basis that would be $1,800,000, and that cost has been included

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in our estimate because we contemplate continuing it provided we can get our freight rates in line so that we can stand that additional expense. Of course, if we cannot get an increase we will have to find some way to curtail that additional expense.

Q Did you include anything in your estimate of expenses for overtime in departments other than the mechanical department?

A No, none was included for other departments, and there is some overtime in the other departments, and it may run higher as the manpower gets more difficult.

I would like to add one other thing: I am thinking about the difficulty of maintaining our ordinary work by our regular forces on the five-day week. That has borne very heavy on railroad operation. It leaves no margin of man-hours to take care of these fluctuating peaks that we all have in our business, and it is the main cause of the heavy increase that we anticipate in our overtime rates in the mechanical department. The shop men are now on a five-day week, and in order to get our cars in shape and our locomotives in shape to handle the increased business that we expect because of the defense program we have to pay penalty rates.

Q It has been suggested in this proceeding that wage and price increases since the last general rate increase in 1949 have been in a large way absorbed, and that they were reflected in 1950 operating results. Is that true with respect to the Louisville & Nashville?

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A No, that is not true in our case.

Q Will you please tell us why it is not true in the case of the Louisville & Nashville?

A The wage increases were retroactive only back to October 1, 1950, and, of course, they would only be reflected in the accounts for a portion of a year, and that related to the operating forces and not the non-ops. The material and supply increases, including fuel, were not so severe in the first part of 1950. They really started about July 1, 1950, and according to our calculation the aggregate increase, if we use the same amount of material at July 1, 1950, over July 1, 1949, would be $580,000, approximately, but the price increases for 1951, over July 1, 1949, would run according to our estimate about $4,800,000. In other words, the estimated increase for 1951 will run about $4,200,000 more than the increase in material and supplies reflected in our 1950 amount. On top of that, of course, we have the increase in wages in 1951 over 1950, which will approximate $12,948,000, plus $823,000 pay roll tax, plus the overtime items that I mentioned, $1,789,000.

Q The thought has been advanced in this proceeding that the railroad need is for cars rather than for further rate increase. What is your view about that?

A Well, of course, we need cars, we need the rate increase, too. We have had cars on order, and some of them are being delivered now. I mentioned before that we had about 1,100 cars

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delivered last year. That was 1,000 box cars and 100 covered hoppers. We have, as I mentioned before, 7,050 additional cars on order. One thousand box cars will be delivered, we hope, this May. They will start coming in this May. We are disturbed by the cut back in steel that was announced the other day, and that may delay the delivery of that order, and it may delay the delivery of the balance of the equipment that we expected to start the latter part of this year, and certainly finish up the first quarter of 1952. But the prospect of getting that additional equipment is right dark at the moment. Of course, during times of depression, slackening in traffic, it is natural that the railroads would hold up their orders for new equipment.

As far as the Louisville & Nashville is concerned, we have always had a substantial amount of equipment, probably the best way to illustrate that is to mention the per diem net in favor of the Louisville & Nashville Railroad, including all sorts of car hire, tank cars, and so forth, will run three-quarters of a million dollars a month. So I would say in general that the Louisville & Nashville has had an ample car supply to service its industries and its mines, and it would be our policy to continue that.

Of course, certain governmental policies, that have perhaps disturbed management, and worried us, whether or not we would have enough business to acquire additional cars; there is the old question of our competitors, such as the highway carriers,

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and the air carriers, and the water carriers, who are favored by governmental regulations and governmental funds; there is the five-day week, which was a governmental policy and not a railroad policy that we had to adopt; and then there is the other thing I mentioned, the allocation of steel, which we are dependent on Government for steel, not only to build these new cars but to repair our old cars.

One or the reasons that we are now behind in the repair of our cars that need heavy work is because of the difficulty in the last six or eight months of getting enough steel to carry on with the work.

Q Has the five-day week, to which you have referred, affected the car supply, in your judgment?

A Very much, indeed, sir. I might mention just one thing that impressed me greatly. I was up on one of our coal divisions last Monday and there was an enormous yard that was wholly vacant of cars, either loaded or empty. That was Monday; the mines had not worked on Saturday, and there was nothing to move. We had delivered all the empty cars that were sent to the mines for Monday's loading, but they had not yet moved into the yard.

Q Is the current car supply easing--

A It is somewhat better. The coal car situation is all right because therehas been a curtailment in coal loading. But the last few days since I have been in Washington there has been some car shortage, not large, but a small car shortage in prac-

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tically all other categories.

Q It has been asserted by some in this proceeding that conditions affecting railroad transportation today are in fact rather closely analogous to those obtaining when the carriers first sought increases in Ex Parte 148. Do you consider that to be so?

A Of course, it is always difficult to find exact parallels in different periods. I think the conditions are quite a bit different than they were in the early days of World War II. Just to mention a few, at that time we were in a full scale war on the Atlantic and Pacific, the coastwise shipping had been interfered with, not only merchandise and manufactured goods coming from the East to the South, we also had a large part of that traffic handled by coastwise vessels from the North Atlantic ports to the South Atlantic and Gulf ports. The tankers on the ocean were interfered with, and the railroads had to take up all of that slack. The shortage in trucks and tires, and so forth, put a good deal of business on the railroads that had been moving by highway. The plants for the manufacture of war goods, many of them had to be built. There are some to be built this time, but not near in the same proportion as before.

Just to mention two or three illustrations, the huge bomber plant at Marietta, Ga., is about to be reactivated. The huge powder plant at Charlestown, Ind., just across the river from Louisville, is being reactivated. There is a big plant near

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New Orleans, which was built originally for shipbuilding, and it is now to be used in the construction of plane engines, and I could mention half a dozen others that I know right on the Louisville & Nashville Railroad, or in our close vicinity, that will be utilized.

Just to mention another large one, Oak Ridge, Tenn., where they developed the atomic bomb, when that plant was under construction, in the early days, the L. & N. handled 1,000 cars a month into that plant mostly for construction material. So I think the conditions are quite dissimilar in many respects. Then you have, of course, the passenger movement. There was a heavy movement of inductees into training camps all over the country, and the Louisville & Nashville had several large ones on its line, and several in its vicinity, that was served partly by the Louisville & Nashville.

Mr. Grubbs, I think there was quite a substantial difference in the conditions then and now.

Q Was there a difference in the unused capacity of railroad plants and other plants?

A Yes. The commercial business down in that period, and now we are at work at a rather commercial high production and movement by rail.

Q Mr. Tilford, have your depreciation accruals been adequate to take care of new purchases of power and equipment?

A No. The cost of all sorts of material and equipment and roll-

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ing stock have gone up substantially. For example, in 1925 sted sheet box cars cost $2,106; in 1941, cost $3,158; in 1946, the cost was $4,041; and in January, 1951, the cost that we had on 2,200 box cars that are on order was $5,650. But unfortunately for us the contract contains an escalator clause and we anticipate that there will be some additional costs added to those cars.

Q Where do you expect to find the money necessary to pay for the large capital commitments for which you have obligated yourself after paying for the greatly increased operating costs and fixed charges?

A Of course, when we planned our expenditures that I have enumerated we would anticipate that we would get most of them from economies in operation, but the costs have moved so swiftly that now our only hope is to raise our price and get some additional funds from higher freight charges.

Q Has ever effort been made to exhaust your efforts in the direction of effecting economies to keep you whole?

A We are making efforts and trying every day to find better ways, Mr. Grubbs, of doing our job. It would be right hard to say that we had reached the end of economical operations; I do not believe we have. But I do believe we are making every effort to do it, and have done our best thus far.

Q Do you feel that our nation can afford at this time anything less than the character of or quality of railroad service that

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you are trying to provide through the huge capital expenditures to which you have referred?

A The railroads have proved themselves indispensable to the nation's defense efforts, and since they do occupy such an important position, to my way of thinking, the nation can ill afford to have anything less than the best of railroad transportation, and that is what the Louisville & Nashville wants to provide and wants to continue to provide. Adequate earnings alone would assure such transportation service.

Mr. Grubbs: The witness is ready for cross-examination.

Commr. Alldredge: You may cross-examine.

CROSS-EXAMINATION

Q (By Mr. Freeman) Dr. Parmelee testified that he sent his questionnaire relating to expenses to chief accounting officers. I take it that is the person to whom he addressed it in the L. & N.

A Yes.

Q Did your chief accounting officer prepare such an estimate of expenses for 1951 on the five bases?

A The chief accounting officer assembled the data that was supplied to him by the different departments.

Q And then returned the statement to Dr. Parmelee?

A Yes.

Q Did he have primary responsibility for submitting that statement to Dr. Parmelee on behalf of your railroad?

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A Well, he had the primary responsibility for submitting the statement, yes; not compiling it.

Q Who had primary responsibility for compiling it?

A The heads of the two major departments.

Q Which are they?

A Operating and traffic.

Q For the operating expenses, it was the operating department?

A That is correct.

Q I wonder if you have available there the breakdown for your operating expenses for 1950, the same sort of a breakdown that is given in the 1951 estimate; that is, maintenance of way and maintenance of equipment?

A Yes, I have it.

Q Would you mind giving that to us?

A You want 1950?

Q Please.

A You want the whole column?

Q Just give me the total operating expenses, and then the four categories.

A I will start with maintenance of way and structures. I think that was item No. 11.

In 1950 that was $25,953,772.

Maintenance of equipment, $39,137,611.

Transportation, $75,211,600.

Traffic, general and other, $10,411,910.

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Total, $150,684,793.

Q Thank you.

Have your returns for the first quarter of 1950, or those expenses, have those been compiled for your railroad?

A Yes.

Q If you have those handy, I would like to have those, too, please; just for the operating expenses and your ton-mile figure, if you have it.

A I am sorry, I don't have in front of me the breakdown. I can give you the total.

Q All right, that will be satisfactory.

A I can give you the total by months.

Q First, for the first quarter. That would be satisfactory.

A January through March?

Q Yes.

A Total operating expenses, $42,776,371.

Q Do you also have the revenue ton-miles and the freight ton-miles?

A No, I don't have that.

Q I will ask you the same question that was asked of Mr. Davis of the Atlantic Coast Line with regard to your unit operating expenses per freight ton-mile.

It was brought out this morning that for the eastern roads the estimate from 1950 to 1951 was an increase of 8 percent. Now, I have made the calculation for your road, and your

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estimate on basis 5, and the figure I gave you of 8 percent was on basis 5 for all eastern roads, is 12 percent estimated, or expected increase.

I was wondering what explanation you had for that? Mr. Davis gave an explanation this morning.

A You mean you divided the operating revenue by the ton-miles?

Q The operating revenue by the freight ton-miles.

A I would say you performed a problem in arithmetic. I don't think it would mean much.

Q You think the ton-miles divided into the operating expenses has no significance?

A I think that is right. I will give you one reason for it; I could probably elaborate at length, but taking the Louisville & Nashville, our estimate per ton-mile for 1951 per freight ton-mile is 4 percent up. The passenger revenue miles are up 17.5 percent, so you could not divide all of the expenses which cover both and determine a factor which is useful.

Q But you think the previous figure causes it to lose significance?

A That is one factor. I could give you dozens if you want them.

Q You might like to do that.

A The one I have given you is that it is not a satisfactory factor is sufficient.

Q Because of the passenger figures which are in there. You

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have not broken down the passenger operating expenses?

A That is right.

Q How did you estimate the cost of materials and supplies and fuel in the figure submitted to Dr. Parmelee for 1951 under the five bases?

A We took the change in the price of materials and fuels and applied that to the possible purchase of the fuels and supplies that we think will be needed this year.

Q Using what price index?

A Using the increase from July 1, 1949, to 1951.

Q Using the what?

A The 1951 increase over July, 1949.

Q January 1, 1951?

A Yes.

Q How do you normally charge out your materials, fuels, and supplies? First in and first out?

A There is always a lag, of course. The first-in, first-out, would be an easy way of figuring it, but unless you bought some new material it would be at the old price.

Q The method your road uses is first-in, first-out?

A I think we all use practically the same system. We undertake to have about 60 days' supply of material on hand

Q Is that the average for the road, for your road on materials and supplies?

A I think it is. It is probably less than that on fuel.

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Q Dr. Parmelee estimated 30 days on fuel and six months on supplies.

A I think six months would be long for us.

Q Do you purchase some of your materials on long-term contracts?

A Practically none. There might be some lubricating oils that we purchase on long contracts.

Q How about coal?

A No, not coal.

Q Do you have the average number of employees your road had in 1950? Is that available to you there?

A It is on the returns to Dr. Parmelee.

Q So 1950 is not on there?

A 1950 was 27,150.

Q Do you have the average number of employees for your road for the first quarter of this year?

A No, I have the employees reported by our comptroller under basis 1, which is 28,170. It won't vary very very much from that.

Q That is what you actually had?

A Yes.

Q You actually had 28,170 for the first quarter of 1951?

A For some period in 1951. You don't have the same figure every day in the month.

Q That is your average actual for the month?

A Yes.

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Q How much for the accelerated amortization over and above normal depreciation in your operating expenses for 1951?

A The amount is $3,753,000, as reported by the comptroller.

Q This is a general question which you may be in a position to answer, since your road, like many of the other southern roads, relatively seems to have done better than eastern roads: What explanation would you give for that in the last three or four years.

A Well, I only know about my own road.

Q We will limit it to your own road, then.

Why do you think your road has been able to do better than most of the eastern railroads?

A I will tell you what we have done on our railroad. I don't know whether we have done better than the eastern railroads, or not.

Q Earningswise you have.

A I said I didn't know.

Q Earningswise, you know that in 1950 your road did better than the average of the eastern roads, did you not?

A No, I don't.

Q You haven't seen Dr. Parmelee's exhibit?

A I haven't made any study of it.

Q We can get the figures.

Mr. Grubbs: I will concede.

Mr. Freeman: You are prepared to concede?

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Mr. Grubbs: The record speaks for itself.

Q (By Mr. Freeman) I wonder if you know the reason for the better position of your road.

A No, not knowing anything about the cause of the condition of the eastern railroads, or the cause for the condition, I am not prepared to say whether ours was any better, or why it was better.

Mr. Freeman: I take it that Mr. Dent will be in a position to supply the revenue figure?

Mr. Grubbs: Yes.

Q (By Mr. Freeman) Do you have available there the total book value of the common stock of your road?

A Yes.

Q Would you mind giving that figure, please?

A $117,000,000.

Q That is par value and surplus?

A No, just par value of the stock.

Q What is the surplus?

A Unappropriated surplus is $137,644,000 in round figures.

Q The par value was for common stock?

A Yes.

Q Doyou have the net income for your road for the first quarter of 1951?

A Yes.

Q That is the net income, now?

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A Yes. Net income for the first quarter, January through March of 1951, was $5,352,895.

Q In your statement you said that you have made a lot of capital improvements in the last few years, and hope to make more. I am wondering how quickly some of those capital improvements are reflected in lowering operating costs?

A They are already reflecting there.

Q Some of the diesels are immediately affected?

A They are already affected there. We have shown a better operating result last year than we had in a good many years prior to that, and they were taken into account, by the way, in our estimate for 1951.

Q You have also said that the five-day week is bearing heavy, I believe you said?

A Both on our wage pay roll and also on our equipment use.

Q Have you made a study of the effect of the five-day week on your road?

A Well, it is awful hard to make a study because when the railroads are involved with a problem such as that we move in to effect as many economies as we can. We have made no study that can be reduced to a final figure for any period.

Q I also notice you said that the increase in materials and supplies, the substantial increase began in July 1, 1950?

A From the Korean war on.

Q A substantial increase in supplies and materials?

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A Yes. It was very much larger over 1949 than it was over 1950.

Q Are you familiar with the fact that the southern region's unit cost per net ton-mile was less in the last half of 1950 than the first half of 1950 for the southern region? I don't have figures for your roads.

A I have not seen the unit cost.

Mr. Freeman: That is all.

Commr. Alldredge: Does that complete the Government's questioning?

Mr. Freeman: Yes.

Q (By Mr. Moore) Mr. Tilford, would you prefer that I discuss the maximum with Mr. Dent?

A The maximum on lumber?

Q Yes.

A I would, indeed.

Q With regard to section 22 rebates, have you any official knowledge of the extent to which the Louisville & Nashville is granting such on federal--

A No, I haven't in recent years. I can tell you based on past experience something about it. Most of the section 22 quotations made during my traffic experience was because we wanted to be certain that the quotations we made to the Government was a net quotation and would not be subject to a land grant. Of course, your land grant is canceled now, and I don't know what the

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conditions are that might justify section 22.

Q The question of reason also became a matter that the Department of Justice gave you some trouble over, didn't they, in reparations suits?

A There were some reparations suits, yes.

Q I am trying to help you to not get in that same fix again.

A Thank you, sir.

Q Do you know of any instances or what the policy of your road is with respect to granting section 22 to meet truck competition, or would you rather have me talk to Mr. Dent about it?

A There is no such policy. If we ever do it it represents an expediency to meet a certain situation. We have no policy about it.

Q Mr. Dent would know more about that?

A He would know more about what the traffic officers would do about it.

Q All right, sir, I will discuss it with him. I want you to know that I am absolutely friendly in that respect.

A Thank you.

Mr. Moore: That is all.

Comm. Alldredge: Is there anything further of this witness? You are excused, Mr. Tilford.

(Witness excused.)

Comm. Alldredge: We will recess for five minutes.

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(Short recess.)

Comm. Alldredge: You may proceed.

Mr. Grubbs: I call Mr. Dent back to the stand.

JOHN K. DENT

was recalled and testified as follows:

DIRECT EXAMINATION

Q (By Mr. Grubbs) Are you the John K. Dent who previously testified in this case?

A Yes, sir; I testified at the February hearing on the motion of the railroads for an interim 6 percent increase.

Q You are vicepresident of the Louisville and Nashville Railroad Company?

A Yes, vice-president in charge of traffic.

Q Did you make the traffic estimates of the Louisville and Nashville that were sent to Dr. Parmelee and incorporated in the showing made by him at the prior hearing?

A They were made under my supervision and direction.

Q Have those estimates been subsequently reviewed?

A Yes, they have, with considerable care, in the light of developments since the first estimates were made. We have had about four months' experience since those estimates were made in January.

Q Did you make revised estimates in the light of further study and experience you have had since January?

A Yes. Revised estimates were made under my supervision and

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direction.

Q Wereyour revised estimates incorporated in the showing made at the present hearing by Dr. Parmele?

A They were.

Q Did your review of your prior estimates in the light of subsequent experience bring about any substantial change in your pri estimates?

A There was no great change. We had been on the optimistic side in our forecast of revenue ton-miles for 1951. Based on our experience since January and on all the information available to us, we now estimate an increase of 4 percent in our revenue ton-miles for 1951.

We estimated before an increase of 5.6 percent. Our experience and further study have caused us to leave unchanged our estimated increase of 17.5 percent in revenue passenger miles 1951 over 1950.

Q Will you please now proceed to explain, with some particularity, how you went about making your estimates?

A I will deal with coal first because it moves in greater volume on the L. & N. than any single commodity.

Our original estimate, made in January, as to the revenue loading for 1951 was 664,000 cars, consisting of 650,000 cars originating and 14,000 cars from connections. This constituted an estimated increase of 7.4 percent over the year 1950. This estimate indicated our best judgment at the time, predicated on

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our past experience and such other facts available at that time, such as the current loadings, the prospective business conditions, and the possible effects of the defense program. We also gave due consideration to the estimates and opinions of the coal interests.

Our coal loadings for January approximated our previous estimate. But in February they were approximately 9,000 cars under our estimate. In March loadings were 14,000 cars, and in April 9,000 cars below our previous estimate. In May they are also running below our previous estimate.

Therefore, based on our more recent experience and such facts as now available as to the current loadings, prospective business conditions, and other light available to us on the subject, our revised estimate was reduced from 650,000 cars to 635,000 cars, consisting of 620,000 cars originating and 15,000 cars from connections. This is an increase for 1951 of 3.2 percent over 1950 as compared with our previous estimate of 7.4 percent.

With the long, severe winter we have just experienced in the territories where L. & N. coals usually move, it would seem logical to expect that our previous estimate would have been realized, or possibly exceeded, but the record shows that we were too optimistic. Since February the coal market has been off, and there are no signs of any material improvement. I believe, however, that the coal movement will increase during the remainder of the year; but it must show very substantial

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increases, or my present estimate will not be realized.

Q Please next deal with your estimate on coke.

A As to coke for 1951, we estimated at the previous hearing 36,268 cars, of which 30,000 was originating traffic and 6,268 cars received from connections. They represented an increase of approximately 6 percent 1951 over 1950. All the information we have and experience we have encountered point to the reliability of that estimate, so no change has been made in it.

Q What about iron ore?

A It, too, is a commodity moving in substantial volume on our line. Our previous estimate for 1951 was a movement of 32,547 cars, 32,000 originating on our line, and 547 delivered to us from connections. This represents a 5 percent increase over 1950.

Developments and further study have confirmed the soundness of this estimate, so no change has been made in it.

Q What about products of mines other than those you have mentioned?

A The traffic in this group for the last nine months of 1950 ran ahead of the same periods in 1949 and 1948. Furthermore, the traffic volume in the first three months of 1951 has run higher than for the similar period of 1950. Included in this group are such building materials as sand, gravel, and crushed stone, the demand for which has been accelerated by home building and probably to some extent by the defense effort. We

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ave estimated the traffic volume for the last nine months of 1951 to run 3 percent over the corresponding period of 1950.

Q What about commodities generally in the products of agriculture group?

A The traffic volume of these commodities during the last three years has been substantially on the same level and during the first three months of this year, covered by our revised estimates, has followed the trend in the corresponding period in 1950. There is no reason to believe that the pattern will not be followed by this group in the last nine months of 1951, so we have estimated the same volume of traffic as during the year 1950.

Q What about commodities as a whole in the animals and products group?

A The traffic level of this group has been approximately the same for the last three years and has started out on that pattern for the first three months of 1951, and we see no reason why the traffic volume for the last nine months of 1951 will not be approximately the same as the last nine months of 1950. We, therefore, have estimated the same tonnage for the year 1951 as for 1950.

Q What about products of forests?

A The traffic in this group for the first quarter closely approximated the movement for the same period in 1950, and we do not expect any appreciable change in this volume. We have, therefore, estimated the same volume of traffic for the last

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nine months of 1951 as was handled in the last nine months of 1950.

Q What about the manufactures and miscellaneous group?

A This group contains the manufactured commodities and is naturally more affected by a step-up in industrial production connected with the defense effort.

Starting with late last spring or the first of the summer we had steady increases in the movement of commodities in this grou and it reached very high levels during last fall and the first two months of this year. We do not believe, however, we can expect these increases to continue. Based on a survey made by our outside representatives we have estimated the last nine month of 1951 at 3 percent higher than for the last nine months of 1950.

Q What about less-carload traffic?

A Our revenue on less-carload traffic has been averaging about $800,000 a month. In estimating the traffic for the year, we have taken the revenue for the first three months and estimated the last nine months at $7,500,000. This would result in an increase for the year of 1.6 percent.

Q In making your estimates have you considered traffic only from the standpoint of major commodity groups, or have you given consideration to the individual commodities constituting those groups?

A We have given consideration to both. We have considered all

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traffic moving on our railroad, and prospective traffic which may move on our railroad.

Q Did you make allowance in your estimates for changes in the character or consist of traffic?

A We did, recognizing that the nation is more and more undergoing a change from a peacetime economy to a wartime economy. As I have indicated, our manufactures are increasing actually and relatively, but this is also true of such traffic as coke, iron ore, sand, gravel, and crushed stone, which move on low rates in the South and pay us very little.

Q Will you please explain your passenger traffic estimate?

A Our original estimate of increased revenue passenger-miles and revenues was the result of careful study and conditions obtaining on our line. In that estimate we determined that our revenue passenger-miles would be 17.5 percent in 1951 higher than they were in 1950. This increase was based on the expected increase in military travel and also the fact that we had a reduction in our passenger mileage in 1950 due to Service Orders Nos. 845 and 846 account of the coal strike. The extent of this estimated increase is in a large way due to the fact that the military travel is generally for longer hauls than the general run of civilian travel.

Our recent review of our original estimate, in the light of our experience since the first of the year, convinced us that it was just about right.

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Our civilian passenger travel and revenues therefrom have been decreasing from month to month for the past several years and this decline is continuing. With the new automobiles that have been built and the steadily growing popularity of air travel, I know no reason to expect any change in this downward trend in rail travel, except as will be temporarily interrupted during periods of heavy military travel.

Q Is your anticipated passenger increase such as to indicate to you that passenger business on the L. & N. may again pay its way?

A Not at all. The additional travel which we anticipate will not help our net results very much because of the increased cumulative costs resulting from the several wage increases, the 40-hour week, and greatly increased cost of equipment and material. I see no reason to anticipate anything but continuous deficits in the operation of the passenger services.

Q Did you include an estimate of revenue from dining car service?

A Yes. We have estimated an increase of 18 percent in our dining and buffet revenue. Here, again, the increased revenue means nothing to us because of the steady increase in the price of food and other expenses incident to the service. These services are now being operated at substantial deficits.

Q Do southern railroads, in your judgment, stand to lose or gain in their aggregate revenues from the application of the

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increases here proposed?

A I am confident they stand to gain. I am satisfied they will not lose, to competing forms of transportation, a sufficient volume of traffic to deprive them of any appreciable portion of the revenue benefits to be derived from the proposed increased rates. In other words, in my judgment, they will get appreciably more revenue out of the tonnage they will transport at such increased rates than they would from the volume they would carry if the present level continued.

Experience has shown that the railroads have benefited as result of the increases, as the volume of traffic lost has not had any appreciable effect on the revenue benefits that have been derived from such increased rates.

It is my belief that prompt action on the rate increases proposed at this time will, under present conditions, results in less diversion of traffic from the rail lines than occurred under previous general increases.

Mr. Grubbs: The witness is ready for cross-examination.

CROSS-EXAMINATION

Q (By Mr. Freeman) Some of the other witnesses who have testified with respect to traffic have been asked what they thought their margin of error as crystal ball gazers would be. How do you rate yourself, Mr. Dent?

A In making your estimates I don't see how you can make but one estimate. It is a question of judgment, and it could vary either

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way.

Q What margin of error would you allow?

A I wouldn't undertake to place a margin of error.

Q You would say it is right?

A I would say it is as near right as I can estimate today.

I will answer you this way: Our road on all of the freight traffic was up in January and March, and our loadings for the last three months up to this week, including this week, is below 1950, so it would indicate to me that if I am on either side I have estimated on the high side.

Q I notice on coal you have gone from 7.4, I think you said, to 3.2. There is a margin of error of about 4 percent on coal downward.

A Obviously, that is very easily explainable.

Q I heard your explanation on why it was done, but I was pointing out that that is an error of 4 percent. Would that be considered?

A In view of what has happened to the coal market, I don't think there is anything unreasonable about that.

Q So it can be 4 percent and still not be unreasonable?

A I cannot anticipate a big change in the coal market like we have had.

Q Those are things that a person cannot anticipate?

A Or I cannot anticipate a tremendous change that will take place in the war effort.

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Commr. Alldredge: I don't think you need to be worried in any statistical forecast that you might miss it a little.

Q (By Mr. Freeman) Have you lost any coal traffic in the South to competing forms of fuel in the last year or so, Mr. Dent?

A Yes, from time to time there is diversion to oil and gas.

Q You have lost some coal traffic to Chattanooga recently because of the gas line that was put in?

A I don't think that we have lost much because the L. & N. never put much coal in Chattanooga.

Q Do you put coal into Oak Ridge?

A Yes.

Q You have lost to natural gas at Oak Ridge?

A Yes.

Q Coal to Nashville?

A Yes.

Q You have lost to natural gas at Nashville?

A Yes.

Q These losses have been all in fairly recent periods to natural gas, have they not?

A Yes, within the last year.

Q Have you lost some coal traffic to trucks in the last few years in the South?

A I don't know that we have lost any appreciable amount.

Q I am thinking particularly of the Tennessee area with which

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am a little bit more familiar than all of the territory you serve.

A I cannot account for any territory. I won't say we have lost but I cannot account for any loss to trucks in the last three or four years.

Q Would you be prepared to generalize about the consist or composition of traffic during the second world war? Did it tend to be more favorable than normal periods before World War II?

A I think I have covered that.

Q You say it was different. I am wondering if you thought it was more favorable during the second world war, revenuewise?

A Versus what?

Q Versus pre-World War II, or the post World War II.

A Did I understand your question is, is the composition of traffic during war years?

Q Was it during the war years, World War II, more favorable than either before or after?

A Well, I have never analyzed those figures.

Q And you just don't know?

A No.

Q How much has your revenue per ton-mile increased since June 30, 1946, to date?

A I don't believe I have those figures.

Q You have not analyzed your own road on that?

A No.

Q Can you give me your revenue ton-miles? I think you gave your car loadings for the first quarter. Can you give me the revenue ton-miles for the first quarter on the L. & N.?

A I don't think I have them broken down that way. No, I haven't on the revenue ton-mile basis.

Q What was your car loading figure? Could you give me that for the first quarter?

A Carloads, all traffic?

Q Yes.

A You mean just the loadings?

Q Yes, your carloadings.

A These are the figures of actual loadings, which are not the final figures of the auditor's office. I have got them by months and you can add them together.

Q All right.

A January of this year our total car loadings were 162,671 cars; for February, 131,735 cars, and in March 147,590 cars.

Q One more question: Mr. Tilford said that the net income for the first quarter was $5,350,000, I believe. I notice that the net income for your road in 1950 was $22,800,000. It appears from those figures that the net income in the first quarter of 1951 is holding up pretty well, wouldn't you say?

A I would call your attention to this--yes--but I would call your attention to this that the first quarter of last year the L. & N. is a very large coal-carrying road, and during January

and February and the first week in March of last year the coal, the labor difficulty in the coal fields was not settled, and we were working on a strike on a three-day basis, so our coal tonnage in those months were way down, and that brought our earnings this first quarter relatively good as compared with the same quarter last year.

Q I was not comparing with the same quarter but with the year, all of 1950 it was $22,000,000 as opposed to $5,000,000, plus, for this quarter?

A As I told you our loadings for the first quarter were higher than subsequently.

Mr. Freeman: That is all.

Q (By Mr. Gutheim) You spoke of the reduction of some 7 percent, plus, to about 3 percent plus in your estimate of coal tonnage now as compared previously. That was spoken of as a 4 percent change. As a matter of fact, it is about 50 percent change, isn't it?

A I didn't speak of it. I said some 7.4 percent.

Q You didn't, but counsel did, and I wanted to make sure that the record was straight on that. The change is not 4 percent; it is 50 percent.

A As I recall that figure, and to be sure about it since you raise the question, it was from 4.7 percent to 3.2 percent.

Q From 4.7 percent to 3.2 percent?

A Yes.

Q Well, now, where is the oreconsumed on your line?

A In the Birmingham district. It is on short haul.

Q You don't have any ex-lake ore to speak of at all?

A No.

Q You don't anticipate and you have not made any change in your estimate on ore traffic?

A That is right.

Q In the consumption of ore at the furnaces, isn't there always a concomitant consumption of fluxing stone and coke?

A That is right.

Q How do you figure the loss on coal or coke when you don't have any necessity of figuring any loss on your ore?

A There is no connection whatever. You have limited your question to the Birmingham district where we handle relatively little coal, and, as I say, I had to indicate an increase in the rate on the movement of coal and coke, but our iron ore is a different proposition.

Q Who handles that to the furnaces?

A A good part of it is handled by the companies, themselves.

Q It is all nearby stuff?

A Yes, on their own railroads.

Q Doyou handle a good bit of that Eastern Tennessee coal production to the destinations north of the river?

A We have some. We don't have a large production in Tennessee any more. That field has been working out gradually.

Q I was speaking of eastern Kentucky.

A You said Tennessee.

Q I beg your pardon. I was mistaken.

A Yes, to the north.

Q Does that go to a large extent to the steel industries?

A To a large extent, yes, it goes for practically all industries.

Q Do you find any difference in the steel industries in the North as compared with the steel industries in the South in their prospective operations for the future?

A I don't know whether I can answer that.

Q If you don't anticipate any drop-off in ore consumption in the South, do you anticipate there will be a drop in ore consumption in the furnaces in the North?

A I wouldn't know about the North. I don't think so, with the demand for steel.

Q If that remains stationary will not the North also stay with it?

A Oh, no. We haven't had a reduction--I wouldn't say we had a reduction in the movement of coal to the steel industries. It has been our other coal that has probably caused the reduction. I haven't checked up specifically to see what has been the effect of the movement to the steel companies, but I don't think it has been changed any appreciably.

Q Well, that is what I am getting at, or trying to get at, Mr.

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Dent, that your mark down in your coal movement is a mark down in your general consumption due to losses to other fuels, and things like that.

A There are other reasons for it. For instance, in 1950 everybody stored coal, and during 1949 we had a year of almost continuous labor trouble in the coal industry, and in the beginning of 1950 everybody's bins were empty, and you had to fill up those bins, and everybody stored up, and they got stored up about the first of March.

Q As between your coal movements going to the steel industries of the North, and the South, to other coal movements, where would you say the big loss is?

A I would say it was to either other than the steel plants.

Q What?

A Generally, but not particularly the steel plants.

Q I thought you said you lost it to natural gas in Nashville, and other places?

A Well, we lost some. That is not the big loss.

Q What is the big loss?

A There is no market in the North. People are not buying like they were. I think the retailers and the lake people and the coal industry has been going out cutting prices, and thinking they can get lower prices.

Q I can tell you about the lake industry. They have gone-

Mr. Grubbs: I object to that. That is testifying.

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Mr. Gutheim: It has been testified to in this record. That is all.

Q (By Mr. Loos) Do you have in mind any figure indicating the average revenue per ton of coal originated for the past couple of years?

A No, I have it in my office. I get regular monthly reports on it.

Q That average has been increasing since 1948?

A The average revenue?

Q The average revenue per ton of coal originated.

A Well, it would reflect any increases that have been made per ton of coal; is that what you mean?

Q Yes, and it would reflect any difference in the haul, too.

A I wouldn't know.

Commr. Alldredge: I thought you asked him the average revenue per ton.

Mr. Loos: Yes.

Commr. Alldredge: Now, average revenue per ton, well, it would be affected, perhaps, by length of haul.

Q (By Mr. Loos) It has increased rather substantially, has it not?

A Yes.

Q The average revenue per ton of coal originating?

A I haven't the figure before me. I suppose--yes, it is increasing over the years.

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Q Do you have the figures there?

A Yes.

Q Could you give us the figure for 1948?

A 1948 was $1.45.

Q What is it for 1950?

A $1.63.

Mr. Grubbs: Did you ask the measure of revenue per ton-mile, or the measure of the increase?

Mr. Loos: I asked him the amount of the revenue per ton originated.

The Witness: You asked me for the average revenue per ton on our coal.

Q (By Mr. Loos) Yes.

A That is what I gave you.

Commr. Alldredge: But he said per ton originated, but I don't believe there would be much difference.

Mr. Loos: Per ton carried.

Commr. Alldredge: Yes, the figures he gave indicated there would be a small amount carried that he did not originate.

The Witness: Yes.

Q (By Mr. Loos) Doyou have before you figures for fuel coal purchases by your railroad?

A What information do you ask for?

Q For example, the average paid.

A Yes.

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Q By you in 1948.

A $4.39.

Q And in 1949?

A $4.39.

Q And in 1950?

A $4.57.

Q Do you have that figure for March of 1950?

A March, 1950?

Q Yes.

A No, I have just got it for the year 1950.

Q Doyou have the figure for February and March, 1951?

A Yes, $4.54 for February of 1951 and $4.55 for March of 1951.

Q So that your cost of fuel coal has been going down at least slightly since 1950?

A I wouldn't say that one cent meant anything.

Q It is down and not up.

A The coal operators have been asking for an increase in their coal rate--increase in the fuel price, and in view of this proceeding, and the situation of the coal industry, we have said that we don't propose to permit any increase until this case has been acted on, so we have a demand for an increase.

Q So far you have not granted it?

A That is right.

Mr. Loos: Thankyou.

Commr. Alldredge: Any other questions?

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REDIRECT EXAMINATION

Q (By Mr. Grubbs) Mr. Loos has just asked you about your increase in revenue per ton-mile. I will ask you what it was in 1939, which was the year prior to World War II?

A You meant what?

Q The average revenue per ton on the L. & N.?

A When was that?

Q 1939.

A $1.20 per ton.

Q I will ask you what it was in 1946?

A $1.25 a ton.

Q And that was an increase of only .05 percent, or 5 cents a ton; is that right?

A From what year was that?

Q 1939 to 1946.

A That was a 5 cents a ton increase.

Q In 1950 what was it?

A It was $1.63.

Q How much was that over 1939?

A Forty-three cents a ton.

Q How much, percentagewise?

A 135.8 percent.

Q Percent of what?

A Of the 1939 price.

Q So that your price for transportation of fuel in 1950 over

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1939 was only 35.8 percent?

A That is right.

Q That is all the increase that you put on the coal that you transported?

A Yes.

Q Let us take a look at the other side of the picture. Let us look at how much the coal people put on a ton. What was the price they charged you in 1939?

A $1.87 a ton.

Q In 1940 what was it?

A $1.89 a ton.

Q In 1941 what was it?

A Two dollars a ton.

Q In 1942 what was it?

A $2.11 a ton.

Q In 1943 what was it?

A $2.34, a ton.

Q In 1944 what was it?

A $2.49 a ton.

Q In 1945 what was it?

A $2.63 a ton.

Q In 1946 what was it?

A $3.08 a ton.

Q In 1947 what was it?

A $3.67 a ton.

In 1948 what was it?

$4.39 a ton.

In 1949 what was it?

$4.39 a ton.

In 1950 what was it?

$4.57 a ton.

And how much have they increased their price to you, percentagewise, over 1939?

That increase was 244 percent over 1939.

If you get the maximum of what is here proposed, how much would it increase your coal revenue per ton over the 1939 average revenue per net ton?

Sixty-seven cents a ton.

What would that percentage be?

55.8 percent.

I want to ask you one other question about this margin of error:

Do you have before you there the L. & N. returns to Dr. Barnes's question?

Yes, I have it.

Let us look at basis 3, for example. Basis 3 is set up for a computation of 15 percent increase after July 1st. The way these hearings have been set it is quite apparent that the hearings will probably be over along about that time, so there is a time lag there. Is that something that might well offset this

margin of error to which counsel for the Government have called attention?

A I think so.

Q Your revenue does include State increases as well as interstate increases, don't they?

A Yes.

Q Have you yet gotten anything in the States through which you operate?

A No, we have not been granted the interim increase in a single State within which you operate.

Q There is a margin there to reckon with in any consideration of margin of error, isn't there?

A Quite a substantial margin considering our previous experiences.

Mr. Grubbs: That is all.

RECROSS-EXAMINATION

Q (By Mr. Loos) Mr. Dent, isn't it true that you are buying a good deal less coal now for fuel purposes for your railroad than you did back in 1939?

A Well, with the installation of diesels, of course our coal purchases are down.

Q Very substantially so, are they not?

A I imagine so. I haven't got the exact figures.

Q Has there been any material change in the average length of haul between 1939 and the present date?

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A I haven't that average haul withme, but I don't think there is a material change.

Mr. Loos: That is all.

Q (By Mr. Grubbs) Is the amount the L. & N. continues to buy large or small?

A We are still buying a pretty substantial tonnage.

Mr. Grubbs: That is all.

Mr. Potter: Why hasn't the L. & N. gotten any of the States to act upon their petitions? I think the record of the Texas--

Mr. Grubbs: I would like for the record to show that it is not because of any disposition or failure on the part of the railroads promptly to apply for them, and to seek hearings. The States in which we operate, some of them have heard them, but those who have heard them have not acted upon them. Some have yet to set them down. We experience a great delay that hurts us very much in the delay of setting them down.

Mr. Potter: In the West they withdrew their applications there, didn't they? They didn't think it was worth while.

Mr. Grubbs: We didn't in the South, I would like for you to know that, and for the record to show that.

Comm. Alldredge: Off the record.

(Discussion off the record.)

Comm. Alldredge: On the record.

We will suspend until tomorrow morning at 9:30.

(Whereupon, at 4:25 p. m., the hearing was adjourned until Saturday, May 19, 1951, at 9:30 a. m.)

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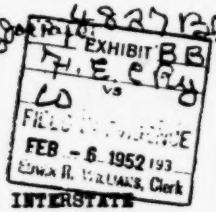
Interstate Commerce Commission

Washington 25



I, W. P. BARTEL, Secretary of the INTERSTATE COMMERCE COMMISSION, do hereby certify that the attached is true copy of Exhibit No. 3, filed at the hearing held May 18, 1951, at Washington, D. C., in Ex Parte No. 175, Increased Freight Rates, 1951, the original of which is now on file and of record in the office of said Commission.

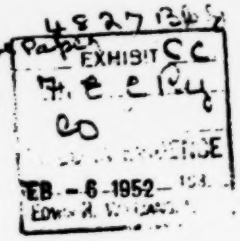
IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said Commission this 29th day of January, A. D. 1952.

W. P. Bartel

SECRETARY OF THE INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission

Washington 25



I, W. P. BARTEL, Secretary of the INTERSTATE COMMERCE COMMISSION, do hereby certify that the attached are true copies of pages 5930 to 5990, both inclusive, of the transcript of the stenographer's notes of the hearing held January 18, 1952, at Washington, D. C., in Ex Parte No. 175, Increased Freight Rates, 1951, the original of which is now on file and of record in the office of said Commission.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said Commission this 4th day of February, A. D. 1952.

W. P. Bartel

SECRETARY OF THE INTERSTATE COMMERCE COMMISSION

STENOGRAPHERS' MINUTES

BEFORE THE

Interstate Commerce Commission

DOCKET No. Ex Parte 175
Ex Parte 175 (Sub No. 1)

INCREASED FREIGHT RATES, 1951

At Washington, D. C.

Date January 18, 1952

(PARTIAL)

COLUMBIA REPORTING CO.
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WASHINGTON 4, D. C.
REpublic 3601 EXecutive 1851

by fire.

Commr. Aitchison: All right. Does that conclude the direct examination?

Mr. McLester: Yes, sir.

Commr. Aitchison: Cross examination.

Mr. Matson: No cross examination by Government's counsel.

Commr. Aitchison: You may be excused.

(Witness excused.)

Mr. Burgess: I now call Mr. Davis, to be questioned by Mr. Grubbs.

Commr. Aitchison: Have you been sworn?

Mr. Davis: Yes.

C. McD. DAVIS

was previously sworn and testified as follows:

DIRECT EXAMINATION

Q (By Mr. Grubbs) Mr. Davis, do you have a prepared statement designed to tell the Commission why you need the increase here sought?

A Yes, and I understand it was distributed about noon yesterday.

Q Will you please proceed to present it?

A First, my name is Champion McD. Davis.

I am President of the Atlantic Coast Line Railroad Compan
with office at Wilmington, North Carolina. I am President a
of the Charleston & Western Carolina Railway Company, the Wi
Salem Southbound Railway, and of other subsidiaries or affil
of the Coast Line--as well as of certain Union Station and
Terminal Companies.

I have previously testified in this proceeding (Ex Parte
175);

First, on February 20, 1951, in support of the motion of
January 16, 1951, by the railroads for an interim increase w
after giving effect to the maxima or hold-downs then propose
would amount to less than six percent. At that time, I intr
duced Exhibit No. 12-A.

Later, on May 18, 1951, on the petition by the railroads
the remainder of the total increase which, after giving effe
to the maxima or hold-downs proposed, would amount to less t
15 percent. At that time, I introduced Exhibit Alldredge-
Washington No. 3.

In the testimony presented in February and in May, 1951,
described the position in which Coast Line then found itself
because of the narrowing spread between Revenues and Expense

It does not seem necessary to repeat now, or discuss in d
the causes for that narrowing spread, such well-known causes

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Enforced wage increases;

Increases in unit costs of practically every item of Material and Supplies;

Progressively increasing Federal Income Tax rates.

In these several stated categories, the railroads admittedly are in the same position generally as other industry, shippers, travelers and even individuals, EXCEPT for one difference thus far not understandable, yet important; namely, that all but the railroads have been and are justifiably able to pass along most, if not all, of the increases in costs inflicted upon them.

Without expecting an immediate answer as to why there should be such a "64-dollar question," I will discuss what has happened to Coast Line since my testimony in February and May, 1951, and what, as we now see the picture, the future may have in store for the Coast Line.

For that purpose, I have had our Accounting Department prepare an exhibit of six sheets. A. S. Trundle, Jr., Assistant Vice-President - Accounts, under whose direction this exhibit was prepared, is present in the hearing room.

Commr. Aitchison: Are you going to have this marked?

Mr. Grubbs: We would like to have this identified as what number?

Commr. Aitchison: 116.

Mr. Grubbs: 116?

Commr. Aitchison: Yes.

(Petitioner's Exhibit No. 116, Witness Davis, marked for identification.)

The Witness: Sheet 1 of the exhibit is the cover sheet and contains a Table of Contents.

Sheet 2 shows selected Revenue and Expense items, also Net Railway Operating Income, for each of the first eleven months of 1951, compared with the same months of 1950.

The purpose of Sheet 2 is to show a comparison of Coast Line's operating results in 1951 through November, with corresponding months of 1950.

Sheet 2, I think, demonstrates, contrary to the views expressed by some, that traffic volume alone is not the solution to the earnings problem confronting the Coast Line and other railroads generally.

There were appreciable increases in Coast Line's Freight Revenue in each month January through July, 1951, compared with the same months, 1950.

Such increases, though lesser in amount, continued in August, September, October and November, 1951-- the comparison of those 1951 months being with 1950 months in which the upward trend in traffic volume had been quite noticeable compared with 1949 insofar as Coast Line is concerned.

Operating Expenses, Taxes and Rents increased in 1951 more than did Revenues, with the result that, at the end of the first eleven months of 1951, Coast Line's Net Railway Operating Income

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was approximately one-fourth less than at the end of the first eleven months of 1950.

There were increases in Net Railway Operating Income in June, July, August, September, October and November, 1951, compared with like months of 1950.

The slight increases in Net Railway Operating Income in June and July, 1951, were, however, produced through management;s enforced and rigid control of Maintenance Expenses. Reductions in Maintenance Expenses continued in August, September, October and November, and still continue.

Reported amounts of Net Railway Operating Income for August, September, October and November, 1951, are somewhat artificial because they were produced through a necessary bookkeeping reduction in net charges to Operating Expenses for crossties and for rail.

Such necessary bookkeeping reduction resulted from changes in budgeted charges to Equalization Accounts after Coast Line had been unable during the first seven months, 1951, to obtain crossties and rail in quantities estimated at the beginning of 1951, and when it became known that the shortage could not be made up during the last five months, 1951.

Budgeted charges to Equalization Accounts during the first seven months of 1951 had, therefore, been underspent; and charges to the Equalization Accounts commencing with August, 1951, necessarily had to be revised to absorb such crosstie and rail

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under-expenditures, the resulting reported net charges to Operating Expenses in the August, September and October, 1951, accounts for crossties and for rail being approximately $400,000 less, and in November, 1951, approximately $900,000 less, than had been reported in each of the prior seven months, January through July, 1951.

Coast Line's operating results for 1951 through November may be described by saying that what might be regarded as satisfactory traffic volume failed to produce for Coast Line revenues sufficient to offset its increased costs of operation.

Those increased costs, too, are continuing, and at an increasing tempo.

Looking now to the future:

Sheet 3, Exhibit 116, shows Traffic and Income Accounts estimated for the full year 1951; also 1952, compared with reported figures for 1950, and reported figures for first eleven months, 1951.

Estimates for the year 1951 are on three bases, which bases are described on Sheet 4.

Estimates for the year 1952 are on two bases, which bases are described on Sheet 4.

Coast Line's estimates of Traffic Volume and Revenues were prepared by, or under the direction of, J. M. Fields, Vice-President--Traffic, who has submitted in this proceeding a supporting verified statement, and who is present in the hearing

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room now.

Coast Line's estimates of Operating Expenses and other Income Accounts were prepared by several Coast Line offices and their respective staffs, the estimates being coordinated and consolidated by A. S. Trundle, Jr., Assistant Vice-President--Accounts, who has submitted in this proceeding a supporting verified statement.

All estimates contained in Exhibit No. 116 are the same as those furnished to Dr. Parmelee for his composite presentation, and in generally the same form, although the estimates contained in Sheet 6 are in somewhat greater detail than those furnished to Dr. Parmelee.

Since the year 1951 has drawn to a close, the realistic estimate for year 1951 is that shown on Sheet 3 in column headed "Basis 6." which estimate combines reported results for first eleven months of 1951 with estimated results for December, 1951.

The estimate of results for December, 1951, assumes continuation of freight rates, wage rates, and costs of Material and Supplies at the level existing on December 1, 1951; and takes into account also the ten percent increase in interstate passenger fares in the South effective November 1, 1951, as well as increase for the entire year 1951 in Mail Pay rates of 31.5 percent over the level of mail compensation received for the year 1950, such percentage increase as to Mail Pay being that

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estimated by the Commission in Report of October 1, 1951, Docket 30822. Consideration has been given also to the increases in Express Rates and Charges which became effective November 15, 1951.

Volume of Freight Traffic for the year 1951, as measured by Revenue Ton-Miles, is estimated to be 23.83 percent greater than for the year 1950.

Volume of Passenger Traffic, measured by Revenue Passenger-Miles, is estimated to be 20 percent greater than for the year 1950.

These estimates of Freight volume and Passenger volume do not vary greatly from estimates I presented in May, 1951, which May estimates were 21.88 percent as to Revenue Ton-Miles, and 15 percent as to Revenue Passenger-Miles.

This fact, I think, demonstrates that the 1951 Coast Line estimates were carefully prepared, and further attests to the effort made then, and again being made now, to produce realistic estimates of Freight and Passenger volume for the Commission's guidance in determining the revenue needs of the railroads.

Increased volume estimated for the full year 1951 is expected, of course, to produce increased Revenues, though not in the same percentage proportion, because the estimated increase in volume of Freight Traffic in 1951 is larger in lower-rated commodities, such, for example, as crushed stone, sand and gravel.

Before further discussing the estimates shown on Sheet 3,

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I think it proper to refer to the effect of the Commission's Report and Order in Docket 30920, December 21, 1951, Amortization Accounting for Emergency Carrier Facilities.

Prior to issuance of that Order, Coast Line had accrued in its Operating Expense accounts in 1951 through November amortization of cost of facilities certified as necessary in the interest of National Defense, observing the same accounting procedure as was authorized by the Commission for like facilities certified as necessary in the interest of National Defense in World War II.

Coast Line, along with the majority of Class I railroads, protested the proposed change in the Commission's accounting requirements which would cause, and since the issuance of that Order do cause. accounts to reflect only depreciation at rates which would have prevailed had Necessity Certificates for amortization not been granted.

The change in accounting for amortization of defense facilities will, of course, produce no more actual dollars, but, on the other hand, will reduce the amount of dollars available for the needs of the railroad property, since it will result in increases in State Income Taxes, which are based in some States on the Commission's reporting requirements, and more substantially increase the Sinking Fund payments required to be made under the provisions of Coast Line's General Mortgage, such required payments being basedon Net Income as reported to Interstate Commerce

Commission.

In the estimates shown on Sheet 3, Operating Expenses have been re-stated to conform to the Commission's changed accounting requirements. Such restatement of the accounts results in decreasing estimates of Operating Expenses previously made to the extent of $2,375,000 for year 1951, and to the extent of $6,275,000 for year 1952.

Reverting now to estimated results for year 1951 under "Basis 6" as shown on Sheet 3:

Gross Operating Revenues are estimated to be approximately $25,000,000 greater in 1951 than in 1950.

Operating Expenses, as re-stated to conform to the changed amortization accounting required by the Commission, are estimated to be approximately $21,400,000 greater in 1951 than in 1950.

Increased Taxes, Federal Income Taxes particularly, and increased Rents for Equipment owned by other railroads and needed by Coast Line to transport added traffic volume, reduce the spread between Operating Revenues and Operating Expenses to produce the ultimate operating result of estimated increase of $280,000 in Net Railway Operating Income for year 1951, compared with reported Net Railway Operating Income for year 1950. Except for the re-statement of charges to Operating Expenses for amortization of defense facilities, Net Railway Operating Income as estimated for 1951 would be approximately $2,100,000 less than reported Net Railway Operating Income for year 1950.

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With respect to estimated accruals for Federal Income Taxes:

The Commission, since its recent order, does not now permit charges to Operating Expenses for amortization corresponding to charges for amortization permitted for Federal Income Tax purposes.

Yet, the Commission requires that Railway Tax Accruals reflect Federal Income Taxes computed by giving full effect to amortization charges.

Thus, the accounting now required by the Commission provides that reported figures reflect a reduction in Federal Income Tax Accruals, really a deferment of taxes, without reflecting the circumstance which produces such reduction.

The amount of tax deferment resulting from amortization charges reflected in Railway Tax Accruals for year 1951 is slightly in excess of $1,200,000.

Estimates on Sheet 3 under columns headed "Basis 7" and "Basis 8" are, respectively:

Basis 7 is for a constructive year, with estimated 1951 traffic volume and freight rates and charges, passenger fares, mail and express rates, wage rates and Material and Suoplies costs presently in effect; and

Basis 8 assumes the full freight rate increases of less than 15 percent after giving effect to maxima or hold-downs (13.3 Per cent for Coast Line, after hold-downs) sought now had been in effect for the year 1951, assuming, too, intrastate as well as interstate application of the rate increases.

The estimates under Basis 7 and Basis 8 are, of course, now unattainable because 1951 has passed.

Proceeding now to estimates for year 1952:

Volume of Freight Traffic, as measured by Revenue Ton-Miles, is estimated for 1952 at same level as for 1951.

Volume of Passenger Traffic, as measured by Revenue Passenger-Miles, is estimated to be five percent greater in 1952 than is estimated for 1951.

These estimates of volume for 1952 are, I believe, realistic estimates.

At the May, 1951, hearing, Coast Line presented estimates of 1951 traffic volume which were higher, in terms of percentage increase above 1950, than were those of any other railroad upon which Dr. Parmelee's exhibit was based.

Those May, 1951, Coast Line estimates have proven to be reasonably accurate.

Obviously increases in volume cannot be pyramided indefinitely at the same rate of percentage increase.

As stated, Coast Line's present estimate of Revenue Ton-Miles for 1951 represents an increase of 23.83 percent over 1950, and I am in agreement with the conclusion of Coast Line's Traffic Department that no further increase for the year 1952 can now be fairly anticipated.

Income Account for year 1952 is estimated on two bases:

In Column headed "Col. 1," Sheet 3, on basis of present

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freight rates and charges, passenger fares, mail and express rates, wage rates (including the additional 4 cents per hour escalation, or cost-of-living adjustment adjustment effective January 1, 1952) and present Material and Supplies costs continuing through the year 1952, accounting for amortization as now required by the Commission, and increased Federal Income Tax rates which will be in effect throughout 1952.

In Column headed "Col. 2" on same basis, except that the requested (13.3 percent for Coast Line, after hold-downs) increase in freight rates and charges sought now has, in that estimate, been substituted for freight rates and charges presently in effect, Columns 1 and 2 both assuming application intrastate as well as interstate of such requested increases.

Since we are now actually into the year 1952, the "Column 2" assumptions as to level of freight rates and charges is contrary to fact as to the portion of 1952 already passed.

Estimate for year 1952 produces on basis of present freight rates and charges Net Railway Operating Income of $14,660,000.

Such estimate reflects reduction in previously submitted estimate of Operating Expenses, and resulting increase in Net Railway Operating Income of $6,275,000 to conform to changed accounting requirements for amortization of defense facilities.

Commr. Mahaffie: You don't really mean that, do you? It is just that the Commission didn't make the same rules as they did in World War II?

The Witness: Further, we had set up in our 1951 accounts, through November, the figures on a basis of what was in World War II, that is what I really have in mind, Mr. Mahaffie.

Commr. Mahaffie: Accounting requirements were not changed. It was your accounting which was changed, which you have made in anticipation of a different requirement.

The Witness: I think that states it correctly, yes sir.

Except for this bookkeeping change, estimated Net Railway Operating Income for 1952 at present freight rates and charges would be about $1,430,000 less than reported Net Railway Operating Income for year 1950.

Similarly, if the freight rate increases sought should be fully in effect throughout 1952 (not now possible, of course), Coast Line's estimated Net Railway Operating Income for 1952, excluding amortization charges, would exceed that of 1950 by approximately $4,960,000, but, with amortization charges incl in Net Railway Operating Income, would fall some $1,300,000 short of Net Railway Operating Income for 1950.

Commr. Mahaffie: What would that figure be if you excluded the mail pay applicable to prior years from the income for 1950, Mr. Davis?

Mr. Grubbs: Note A shows the amount.

Commr. Mahaffie: I am curious whether it will wipe out your $1,300,000 shortage.

The Witness: It would wipe it out, of course, obviously.

Commr. Mahaffie: Well, we have the years comparable, you would have to make that adjustment, wouldn't you?

The Witness: Yes, sir, I think so.

Line 21, Sheet 3, shows Rate of Return on Investment which would be produced by each of the statedseveral estimated amounts of Net Railway Operating Income for years 1951 and 1952.

Rate of Return on Investment for the year 1951 under Basis 6 and for year 1952 under Column 2 (most favorable basis), respectively, would be:

1951, Basis 6 2.52 percent

1952, Column 2 3.67 percent,

grossly inadequate in either event.

Rate of Return in Investment is generally regarded, and I believe rightly so, as an important index or yardstick to be used for measuring credit rating.

I reiterate what I have said in previous testimony with respect to Rate of Return, namely, that while Rate of Return is an important index, what the Coast Line needs is dollars, not percentages.

In connection with proceedings before one of the State Commissions in which the railroads were seeking intrastate application of a portion of the Ex Parte 175 interstate increase, I recall seeing a newspaper article to the effect that Coast Line expected in 1951 substantial earnings per share of common stock

and, therefore, that Coast Line did not need the freight rate increase.

Commr. Aitchison: Would your testimony be any different if you hadn't run across that newspaper that morning?

The Witness: I think so. It would not have been any different. I would have made the same statement.

Of course, I assume no one here considers "earnings per share of common stock" as of significance in connection with revenue needs, but since Coast Line's estimated earnings for the year 1951, refigured since the Commission's recent order respecting amortization, indicates per share earnings slightly in excess of 1950 earnings, I think I should point out that earnings per share of common stock is simply a ratio made up of two factors, and like other ratios cannot be viewed from the standpoint of one of the factors alone.

The two factors which made up the ratio are, of course, Net Income and the number of shares of common stock outstanding. Since the latter is not dependent upon and unrelated to the former, this ratio is perhaps subject to greater infirmities than many other ratios.

Commr. Mahaffie: You are talking a good deal about the figure, but keeping it secret so far. What is the figure?

The Witness: What we earned this year?

Commr. Mahaffie: Yes.

The Witness: In 1951, we earned 1551. I think we will

earn about forty cents more in 1951, which will make that, or course, 1591, possibly 1592.

Commr. Mahaffie: It is easier for me to follow with definite figures.

The Witness: All right.

Coast Line reported for 1950, and will report for 1951, relatively high earnings per share of common stock in comparison with some other roads simply because of the relatively small number of shares of Coast Line common stock outstanding. Coast Line has held its capitalization within conservative bounds and, while stock dividends were paid many, many years ago, Coast Line has never split its stock.

Consequently, the divisor used to arrive at earnings per share has remained stationary in the face of the inflationary trends which tend to cheapen the dollars included in Net Income.

The fact that earnings per share of common stock are meaningless is, I think, best exemplified by the fact that Coast Line might split its stock two for one and reduce its earnings per share by nine tenths. In either event, there would be neither more nor less dollars available for plowing back into the property and neither more nor less dollars available for plowing back into the property and neither more nor less dollars available for distribution in the aggregate to the holders of common stock, though the unit per share would, of

course, be reduced as the number of shares were increased.

Commr. Mahaffie: Whether proportion of 1591 is produced by other income than that of the operation of the property?

The Witness: Well, of course, I don't have that breakdown here, but we have, the Coast Line has a large amount of other income, principally our dividend on the 35 per cent of the common stock of the Louisville and Nashville, which is owned by the Coast Line, and which in 1951 paid a dividend of $1 per share quarterly.

Commr. Mahaffie: To the extent other income enters into your 1591, your argument is that figure ought not to be considered, it should be reimbursed, should it not?

The Witness: ne point I am making, Mr. Commissioner Mahaffie, is the need of Coast Line, for dollars to continue its rehabilitation and put it in shape it should be in -- it is in good shape now, but it needs further and continuing improvement. Coming now to future years, the probability of attainment of estimates for future yeas, and consequently the amount of dollars available for needed pruposes, is threatened by changes in interterritorial divisions recommended by Examiners in a proposed report in Dockets 29799 and 29885.

The Southern railroads feel, of course, that the inquitableness of the report can be demonstrated to the Commission and that it should not be adopted.

However, there is a threat to the Southern railroads of

having many millions of dollars of their gross freight revenues transferred to the Eastern lines.

The making of estimates of the effect of the report is a lengthy and complicated task, not yet completed. Preliminary studies indicate that Coast Line's explosure in this respect would be in excess of $3,000,000 per year.

Coast Line's need for dollars can be exemplified best, I think, by the rapid dwindling of Coast Line's cash resources in recent months.

Sheet 5 of Exhibit 116 shows net Cash Balances at the end of each month of 1951 compared with corresponding months of 1950.

(Net Cash Balances as shown on Sheet 5 are not reported Balance Sheet figures, but are compiled from statements prepared daily for guidance of management, such daily statements representing cash actually in hand and available.)

Figures shown as Cash Balances represent net of cash in banks, also cash invested temporarily in Governments, less unpaid vouchers in hands of the Treasurer. Those net Cash Balances do not include remittances in transit or other receivable items, or payable items which have not reached the Treasurer's office, the two, to a considerable extent, being offsetting.

From Sheet 5 it will be noted that, disregarding variations in some of the individual months, there was from

January 31, 1950, through October 31, 1950, an improvement in net cash balances of some $3,800,000. But commencing in November, 1950, and continuing through September, 1951, there was a steady, through irregular, diminution of net Cash Balances.

Such dwindling of Coast Line cash, of course, resulted from Revenues having failed to keep pace with expenses.

In contrast with the build-up in first ten months of 1950 of approximately $3,800,000, there occurred a falling-off of approximately $9,200,000 in first ten months of 1951.

Incidentally, there is included in net Cash Balances, as shown on Sheet 5, $4 million invested temporarily in Government securities.

In its Fifth Supplemental Report and Order of July 12, 1951, in Finance Docket 13170, the Commission prescribed a plan of reorganization for Florida East Coast Railway which contemplates merger with Coast Line, with Coast Line securities to be issued and Coast Line cash to be paid to the creditors of the F.E.C. Railway Company.

That plan of reorganization was affirmed by the Commission in its Sixth Supplemental Report and Order dated October 25, 1951, and was certified to the District Court for the Southern District of Florida on Noveber 19, 1951. The Court has set hearing for February 4, 1952.

The amount of cash payment by Coast Line required by plan

approved and certified by the Commission to the Court is $4 million.

It is obvious from Sheet 5 of Exhibit 116 that by the end of September 1951, Coast Line's Net Working Capital had decreased to an almost alarming level, and therefore measures had to be taken not only to prevent further diminution, but to restore Net Working Capital to a more comfortable level.

The only available measure which could possibly be taken was to reduce Operating Expenses; and, generally speaking, Operating Expenses can be reduced materially on through curtailment of Maintenance Expenditures.

Rather drastic steps to curtail Maintenance were therefore taken by Coast Line in last half of September, 1951.

That curtailment accounts for the improvement in cash since September 30, Revenues being responsible to only some seasonal extent.

In Maintenance Expenditures, including purchases of Material and Supplies, drastic reductions became effective on various dates beginning with September 14, 1951, through October 1, 1951, and are continuing.

Such reductions (at the then prevailing wages) in September summarized were:

	Reductions In Number of Employees	Amount per Month
Maintenance of Way and Structures Payrolls	494	$ 132,928
Work Train Expenses	-	9,450
Payments to Contractors	*	87,000
Maintenance of Equipment - Payrolls	200	60,000
Purchasing and Stores Dept.-Payrolls	18	5,353
Reduction in Purchases of Crossties	-	200,000
Reduction in Tie and Timber Treating	-	65,000
Reduction in Purchases of Other Material and Supplies.	-	500,000
* Number of men carried on Contractors' payrolls not available.	712	$ 1,059,731

This tabulation contains reductions made to and including October 1, 1951, but does not include other reductions in forces subsequently made, which reductions, however, were not so substantial.

These reductions in forces were in addition, of course, to reductions in March-April, 1951, when 1,142 employees were dropped, and payrolls and payments to contractors reduced by $739,000 per month, about which I testified in May, 1951

All of these reductions in forces have continued and are still in effect.

To appreciate the sacrifice of progress caused by the reduction of more than a million dollars a month in Maintenance Expenditures by Coast Line commencing in September, 1951, it is necessary to consider the needs of any present-day railroad to increase its efficiency.

I do not mean to increase efficiency in order to pay larger dividends, but to keep the physical plant in condition to meet the transportation needs of the traveling and the shipping public, and, most importantly now, to meet the exigencies of the National Defense.

Furthermore, if railroads are to survive under private ownership and management, they must constantly strive, through improvements in physical property and otherwise, to achieve maximum efficiency and maximum economy of operation.

Basically, the aim of increased efficiency is more and better service at lower cost, either in money or in effort or both.

Probably the best way to increase efficiency on a railroad is to operate longer trains and perhaps at higher speeds.

But economical and smooth operation of longer trains at higher speeds, whether passenger or freight, means that a railroad must make changes in power and roadbed, and particularly improvement in roadbed.

Improvement in grades, such as the raising of "dips" and the cutting down of "peaks" is required.

Increase in speeds and in wheel loads requires more substantial track structure and that in turn means widening roadbed to provide lateral support, as well as the application of additional ballast and constant replacement of crossties.

A collateral requirement is improvement of alignments by reduction of curvature; and more importantly, of course, elimination of curvature where practicable.

Longer freight trains necessitate the lengthening of passing tracks and the expansion of freight yard facilities as well.

Improvement of yard facilities requires not only the lengthening of existing yard tracks and provision of additional long yard tracks, but added yard communications systems, including radio, floodlighting and the like.

In furtherance of the objective of operating longer trains at higher speeds, it is necessary to improve and strengthen steel bridges, trestles and culverts. With increase in wheel loads, many bridges are approaching obsolescence and require complete replacement or very substantial and costly strengthening.

While not directly related to the operation of longer trains at higher speeds, improved under-track drainage is a major necessity due to the rapid development of rural areas, the cutting of saw timber and of pulpwood, and so forth, [illegible]

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in additional under-track drainage flowing to and under railroad rights-of-way.

The development of highways and the increase in population in the rural sections has diminished materially the area on which the absorption of rainfall was formerly retained, and has increased the flow of water to natural streams and waterways passing under railroad roadway and rights-of-way, necessitating an increase in the size and the number of railroad culverts and trestles and the lengthening of openings under tracks.

Early in 1951, Coast Line was engaged in an extensive program of improvement of grades and reduction of curvature on main tracks over practically the entire railroad.

This enforces curtailment of expenditures meant that some $480,000 less was spent in 1951 on this type of work than contemplated when the 1951 program was set up. This early 1951 program should have been continued, not curtailed.

This enforced curtailment meant also that approximately $800,000 less than originally contemplated was spent in 1951 for strengthening roadbed through widening and extension of culverts.

Particularly severe has been the curtailment in the program of improving drainage conditions. The program at beginning of 1951 contemplated expenditure of $1,390,000 during that year. The expenditure for improving drainage did not greatly exceed $250,000 in 1951, causing the program to fall short by more

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than $1,100,000 by reason of depletion of cash and consequent enforced economy.

Commr. Aitchison: It strikes me, Mr. Grubbs, we are going to result to some hardship to a lot of people if we go through the meticulous detail of the amounts to be expended in keeping the plant up, spent on maintenance, and so on and so forth, which is going to result in some of these executives you are trying to get away being held over, and it is going to result in the holding over of a great many people here who want to hear cross examination of Dr. Parmelee.

Mr. Grubbs: We will endeavor to cooperate, your Honor, and I would suggest from time to time the copying of paragraphs.

Commr. Aitchison: I think the whole thing might be copied in from here on, except the final paragraph. Mr. Davis certainly doesn't want to take the time, at the expense of other executives, to give us the details here which we have before us in writing anyhow.

Mr. Grubbs: Your Honor, there are some things that I should like for him to present, that I think are important. It goes a little beyond your suggestion.

Commr. Aitchison: You can suit yourself, but I think I will repeat it with emphasis, in fairness, Dr. Parmelee, in fairness, ought to go on the stand.

Mr. Grubbs: We will endeavor to cooperate with your Honor's wishes.

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Comr. Aitchison: If you would rather have Mr. Davis to take the time rather than to share it with the gentleman from the Northern Pacific and Southern Railway, well and good. That is Mr. Davis' and your responsibility.

The Witness: Off the record.

(Discussion held off the record.)

Comr. Aitchison: On the record.

The applicants can suit themselves. I have put this situation up to them fairly and frankly. Dr. Parmelee must go on, and give these people from out of town an opportunity to hear his testimony and cross examine him if they please.

Mr. Gru bbs: I suggest, Mr. Davis, that we go over to page 28. I should like to have you read what you have to say about the Atlantic Coast Line. That has not been covered, and it certainly would not be covered otherwise. Iwould suggest we copy down through the fifth paragraph, on page 28, beginning with "I wish to reiterate and reemphasize".

The Witness: What is the ruling on that?

Comr. Aitchison: I put the problem up to you, and you are using your discretion.

Go on.

The Witness: Coast Line has pursued for several years a progressive program of lengthening passing tracks, both on principal main lines and on secondary main lines.

This passing track program has been curtailed substantially,

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and for year 1951 fell short of the program set up in early 1951 by nearly $500,000.

Because of the attrition of cash resources and the resultant enforced curtailment of expenditures, the program set up early in 1951 for improvement and enlargement of freight yard facilities fell short of accomplishment during 1951 by about $1,235,000.

Coast Line has been engaged in an extensive program of reballasting and of renewing crosstimes since 1945.

Those programs in the past have been given high priority on the list of Maintenance Expenditures, but Coast Line's cash position in 1951 was such that the reballasting and tie renewal programs were materially curtailed. Had the cash been available, Coast Line would have spent approximately $5,476,000 in 1951 for those two programs of needed track maintenance; it was necessary to curtail the 1951 programs by nearly $2,000,000.

In addition to drastically curtailing the major improvement programs of the type discussed, Coast Line had to go further and materially curtail normal maintenance programs, and which include painting and repairing of both timber and metal structures, chemical treatment of weeds and grasses on rights-of-way and many other items of normal and needed maintenance.

Coast Line has approximately 20 miles of steel bridges and approximately 41 miles of timbered trestles

Normal upkeep, including painting, of the steel bridges on basis of present costs would require annual expenditure of about $760,000. In 1951, Coast Line was able to expend for that purpose only slightly more than $300,000.

Normal maintenance of timbered trestles would require expenditure of about $600,000 per year on basis of present costs. Coast Line was able to spend only about $100,000 for that purpose in 1951.

Coast Line spent $161,265 in 1950 for the chemical treatment of weeds and grass on right-of-way, while the program contemplated for 1951 would have required an expenditure of $207,000. That program had to be dropped and nothing was spent in 1951 for chemical eradication of weeds and grass.

Overall, there had been contemplated programs for 1951 of improvement and maintenance, including Capital Expenditures as well as charges to Operating Expenses in connection with said programs, involving expenditures estimated at $46 million. There was actually spent on such programs in 1951 only approximately $33 million.

Curtailment of $13 million had been dictated by failure of increased Revenues to keep pace with increased costs of Operation. and consequent dissipation of Net Working Capital.

All of this boils down to the fact that Coast Line desired and intended to spend and should have spent in 1951 at least some $13 million more for the purpose of increasing efficiency

and improving Coast Line's service than was spent.

Because of failure to obtain needed freight rate increases, money was not available, and the work could not be done.

Coast Line has complete dieselization as its goal, recognizing that only through the reduction in Transportation Expenses which will result from the economy of diesel power, as compared with steam power, can Coast Line hope to provide the transportation service required at costs which Coast Line can afford to pay.

Diesel power requires shop and servicing facilities of a different nature entirely from facilities used for steam power. Coast Line contemplated constructing during 1951 major diesel power servicing facilities at Lakeland, Florida, and Atlanta, Georgia, and lesser facilities at other terminals to involve expenditures of some $500,000. But Coast Line's financial situation has been such that construction of additional diesel shop and servicing facilities is held in abeyance.

The substitution of diesel for steam power means that a heavy stock of diesel repair parts must be built up and that in turn means increased investment in Material and Supplies.

While, of course, the stocking of diesel repair parts is not entirely responsible, it is one of the factors which has necessitated an increase of about $6 million during 1951 in Coast Line's material and Supplies balance.

In referring to curtailment or suspension of improvement and maintenance activities, two points should be emphasized:

First, Coast Line's cash and Net Working Capital position cannot be permitted to diminish further. Rather, it must be restored to adequate levels. That means that curtailment and suspension must continue until more dollars become available.

Second, curtailment and suspension, whether resulting in build-up in cash position and Net Working Capital or not, does not represent "savings"but represents only deferment to a later date of needed expenditures -- when costs may be even higher than at present. It is false economy.

Passing now to Coast Line's cash requirements for 1952 and the sources of available cash to meet those requirements, attention is called to Sheet 6 of Exhibit No. 116 which shows Funds require, and Amounts of Funds Available, year, 1950 (actual); and Year 1951, related to estimate of income on Basis 6, as shown on sheet 3; and Year 1952, related to estimates of income under both Col. 1 and col. 2 of sheet 3.

I pause here to repeat and to emphasize that Coast Line's need is for dollars rather than percentages or bookkeeping concepts, and to point out that (with one exception to which I will refer later) the method of accounting pursued cannot affect the amount of dollars in the treasury.

This is, I think, clearly exemplified by sheet 6. Line 11 of Sheet 6 shows Net Income while Line 12 shows Depreciation and

Retirement Charges. The two are combined into a total (line 13) of Funds Available. Therefore, Line 13 would be the same whether arrived at as on Sheet 6 or whether amortization were charged to Operating Expenses, thereby reducing Line 11 but correspondingly increasing Line 12, stated more simply, the dollars made available through amortization charges would in any event be reflected either in Line 11 or Line 12, and it is immaterial which, since the two are added to produce Line 13.

The exception to which I earlier referred is that the treatment of amortization charges now required results, in some instances, in loss of the benefit of amortization for State Income Tax purposes, and increased accruals for State Income Taxes results in reduced Net Income (Line 11).

However, Sinking Fund Requirements as shown on Line 6 are related, under the terms of the Mortgage securing the bonds for which the Sinking Fund is required, to Net Income as determined in accordance with the Commission's accounting requirements.

Therefore, the inflation of Net Income through excluding amortization charges increases estimated Sinking Fund Requirements for 1951 by nearly $300,000 and for 1952 by about $785,000, with consequent reduction, of course, in dollars available for the other needed purposes outlined on sheet 6.

Most items on Sheet 6 are self-explanatory.

which must be made on Equipment Obligations already entered into, or on commitments, and the payment figures in Line 2, therefore, are fixed.

Line 3 of Sheet 6 shows Capital Expenditures for Equipment estimated to be made in 1952 of only $2,129,000, which figure represents, insofar as new power and equipment are concerned, only power and equipment already on order, all of which is scheduled for delivery in early 1952.

Because of insufficient revenues and dollars, the placing of additional car orders is not contemplated, though Coast Line needs additional freight cars over and above those owned now or on order.

It is likely, too, that in view of the prospective traffic volume additions to freight car ownership would improve gross freight revenues.

Line 4of Sheet 6 shows Capital Expenditures for Roadway and Structures. Explanation is needed in one respect only, namely, that the estimate for year 1951 reflects the curtailments I have described, including the very sharp curtailments made during last three months of 1951.

Estimating for 1952, on basis of present rates, includes only continuation of the 1951 level of actual expenditures (with the addition of certain mandatory signaling work referred to later), except, however, that the increased Sinking Fund Requirement to which I have referred had to be arbitrarily

deducted from what would otherwise have been spent on Roadway and Structures.

I testified in May, 1951 (Alldredge-Wash. 108) that Coast Line is engaged in an extensive program of modernization of existing signaling, and of extension of signaling to segments of existing signaling, and of extension of signaling to segments not heretofore signaled, all being required under orders of the Commission, and each with a definite time limit for completion.

While Coast Line in certain instances has had to seek extension of such time limits, the program of compliance with outstanding orders of the Commission has not been suspended, nor substantially curtailed; but suspension or curtailment will be necessary if funds are not to become available.

The program of installing signaling in compliance with the Commission's orders thus far has been involving capital expenditures of about $2 million per annum, and it is contemplated that this program will be continued at same tempo in 1952. In addition, plans have been made to extend the signaling program so as to include the segment of line between Sanford and Tampa, Florida, and this will entail an additional expenditure of $2,250,000.

Contract for this latter work was let under date of November 8, 1951.

Capital expenditures for Roadway and Structures estimated for 1952, on basis of Revenues which would result from the full

freight rate being here sought in effect throughout the year, as shown on line 4 of sheet 6, contemplate only resotration of the curtailments made during the last three months, 1951. That is, such estimated Capital Expenditures are on basis of the average expenditure prevailing during first nine months of 1951 (before the September-October, 1951, curtailments), plus the cost of the signaling installation just referred to, again with the necessary arbitrary deduction to take care of increased Sinking Fund Requirement.

The estimate does not represent restoration of the curtailments in forces made in early 1951, and mentioned in my May, 1951, testimony, nor the necessary work which should be done in 1952, (which must be done eventually), and would have been done in 1951 had funds been available.

From Line 5 of Sheet 6 it will be noted that the increase in investment in Material and Supplies in year 1951 is estimated to have been about $6 million.

That estimate represents the increase which had already been incurred in 1951 through September 30, as our cash position was such during the remainder of 1951 that no further increase could be made.

While it would be desirable to further increase the investment in Material and Supplies, having in mind particularly the need for diesel repair parts as diesel locomotive ownership increases, no increase in repair parts has been included in the

1952 estimate because even with the granting of the full increase in freight rates here sought funds would not be available.

Line 6 of Sheet 6 shows the amounts required for Sinking and Other Reserve Funds. Under the terms of Coast Line's General Mortgage, the Sinking Fund required for Series A Bonds is related to Coast Line's reported Net Income, and the Sinking Fund payment, therefore, rises as Net Income increases. I have previously referred to the effect upon Sinking Fund requirements of Net Income arrived at through excluding amortization charges.

Coast Line has no other Sinking or Reserve Fund of consequence to provide for.

Line 7 of sheet 6 shows dividend requirements, and the question may arise as to why dividends paid in 1951 and estimated for 1952 are larger than were paid in 1950.

The answer is that Coast Line earned in 1950 the equivalent of $15.51 per share of common stock and paid out the modest proportion of $4 per share in dividends.

Early in 1951, the effect of increased expenses upon available cash was not foreseen, and it seemed then to the Board of Directors to be prudent as well as equitable to increase the dividend rate to $1.25 quarterly, or $5 per share per annum.

Coast Line's dividend policy has been conservative.

In 1946, for example, out of Net Income of approximately $5,475,000 there was distributed in dividends to stockholders approximately $3,302,000, leaving approximately $2,173,000 to be plowed back into the property.

In 1950, practically the same amount, or $3,301,000, was distributed in dividends, but $9,477,000 was plowed back into the property.

For year 1951, $4,125,000 was paid in dividends, but an estimated $9,000,000 was plowed back into the property.

Line 8 shows funds required for other capital purposes. It includes largely sums which it is anticipated will have to be advanced for capital improvements to Union Stations, Terminal Companies and the like, since such companies must obtain funds from owner roads.

Lines 11, 12, and 13 show the sources of funds available and are self-explanatory, with the comment I have already made that because of the manner in which Line 13 is produced, it would be the same, whether the excess of amortization over depreciation is charged to Operating Expenses or whether such excess is eliminated and added to Net Income, as is done in the estimates which produced Line 11.

Line 15 shows new Equipment Obligations issued or, in simple terms, represents money borrowed or to be borrowed for acquisition of the new equipment included in Capital Expenditures shown on Line 3.

[illegible] amount of equipment obligations or the amount [illegible]

funds, nothing has been allowed for placing additional orders for equipment; only equipment now on order has been provided for.

Line 16 is, I think, of particular importance.

A relatively small proportion of the shortage between funds required and funds available was drawn from Net Working Capital in 1950.

A very much greater proportion was drawn from New Working Capital in 1951 and Coast Line cannot permit further decreases in Net Working Capital. That would hold true even if the full measure of the freight rate increase here sought were in effect through 1952.

Consequently, no further decrease in Net Working Capital is contained in the estimate for year 1952 because no further decrease can prudently be considered.

Line 17 is somewhat in the nature of a balancing item, but represents funds obtained, or expected to be obtained, through salvage from retired power and retired equipment, abandoned branch lines and the like, also from the net of cash items not included in Current Assets and Current Liabilities.

I wish to reiterate and re-emphasize the fact that increased volume of traffic is not the answer to Coast Line's urgent need for funds.

That fact is well demonstrated in the experience of the Charleston & Western Carolina Railway Company, of which, as

explained at the outset, I am also President.

The C&WC, along with Coast Line, serves the Savannah River Plant of the Atomic Energy Commission now being constructed in the Ellenton-Dunbarton, South Carolina area.

Because of construction materials moving into that plant, also because of substantial improvement in traffic from related sources, Charleston & Western Carolina's carloadings, in terms of percentage increase compared with 1950, have, I believe, been running ahead of any railroad in the South, and maybe of most railroads in the country. Yet, Charleston & Western Carolina Railway's funds are practically exhausted.

Commr. Splawn: Are the movements in and out of that plant under Section 22 contracts, or on the published tariffs?

The Witness: Published tariffs. There have been one or two under 22, but I don't know of any. I think they are all under published tariffs, Dr. Splawn.

Mr. Grubbs: Now, with your Honor's permission I should like to copy up until the bottom of page 31, beginning, "In brief summary".

Commr. Splawn: Do you have divisions between that branch line and the main system?

The Witness: Of course we do. The area is served, Dr. Splawn, by the Atlantic Coast Line, on one side, and the Charleston and Western Carolina on the other. The business that comes in from the west through Atlanta and Augusta, therefore, moves over

the Charleston and Western on our railway. That business which comes in from the East, or the coast line stations in South Carolina, because much of it so moves now, comes in over the Coast Line. So there isn't a question there of divisions between the two, although we do have divisions with the Charleston and Western between the Coast Line and the Charleston and Western Carolina.

C&WC, like other railroads, had been subjected to the narrowing margin between Revenues and Expenses caused by increasing wage rates and costs of Material and Supplies and, in addition, has had to make substantial expenditures in improvement of its property, not only to adequately serve the Savannah River Plant of the Atomic Energy Commission, but also to continue to render satisfactory service to other patrons.

The Charleston & Western Carolina is a relatively short line (343 miles) and is beset with ordinary short line railroad problems. In recent years, it has been apparent that the solution of the problems of those short line railroads could best be approached through complete dieselization, and Charleston & Western Carolina acquired a total of 19 units of various types of diesel power in late 1950. At that time, it was thought that 19 units would be sufficient to completely dieselize CWC's freight, passenger and switching operations.

The added traffic which C&WC is handling in connection with the Savannah River Plant of the Atomic Energy Commission, which

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traffic thus far has consisted principally of low-rated construction materials moving in large volume) soon made it apparent that some steam power operations would have to continue unless additional diesel power were acquired.

Orders were placed for 12 additional units of diesel motive power, the last of which have just been delivered.

Thus, in 1950, and in 1951 Charleston & Western Carolina has entered into equipment obligations for the purchase of diesel power on which principal installments amount to $302,252 per year.

It was also necessary for Charleston & Western Carolina immediately to provide additional open top freight car equipment for the movement of concrete aggregates and other construction material to the Savannah River Plant of the Atomic Energy Commission, and Charleston & Western Carolina had to resort to extraordinary means to meet quickly that demand. Not having time in which to order and obtain new cars through normal channels, C&WC had to look around for old cars which would otherwise be scrapped, and entered into an arrangement to purchase from another railroad, at scrap value, open top cars (hoppers and gondolas) up to a maximum of 400 cars.

Charleston & Western Carolina arranged for the rebuilding of those cars so as to provide sufficient service life to meet the needs of the Atomic Energy Commission plant construction.

Charleston & Western Carolina did not have the funds to pay for such prog[illegible], and had to borrow funds under a conditional

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Sale Agreement, the principal installments of which will amount to $192,000 per year.

In addition, C&WC, has had to effect important improvements to roadway and track structure, not only because or the added duty of serving the Atomic Energy Commission plant, but also ror the needs of other patrons.

Charles & Western Carolina's Capital Roadway Expenditures amounted to $314,093 in 1950.

It is estimated that such Capital Expenditures amounted to $1,060,000 in 1951.

A substantially greater amount should be spent in 1952, and would be spent if funds should become available.

By the end of 1951, Charleston & Western Carolina's cash position had declined to such an extent that it was necessary to obtain an advancefrom its parent company to pay bond interest and principal installments on equipment obligations. Additional advances in the near future will probably be necessary.

It is thus seen that despite the traffic increase on the C&WC, the latter's Net Working Capital position is such as might well be termed precarious. The inescapable conclusion is that the remedy is not to be found in increased traffic, but by the application of higher transportation charges.

Incidentally, while C&WC paid dividends on its stock, with four exceptions, in each year 1916 through 1946, no dividend

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has been paid since 1946.

In brief summary: Coast Line finds itself, along with some other railroads, in an uncomfortable cash position.

Many factors are forcing operating costs upward. The railroads have only limited control over some of those factors; over the majority of them, they have no control.

Increased volume, without adequate rate increases, has failed to close the gap. Coast Line, C&WC and other railroads have made severe cutbacks in maintenance and improvement programs, and despite those cutbacks, and regardless of the increase in volume of traffic, depletion of cash resources has been drastic, even alarming.

Industry in general is quite properly allowed to increase its prices in order to maintain a satisfactory spread between increased costs and prices.

The solution to the railroad's problem is similar treatment for the railroads.

The rail carriers may not be expected to go forward and perform adequately their transportation function, including protection of National Defense requirements, unless their transportation machine is geared to a high state of efficiency, which in turn requires expenditures for improvements to meet changing conditions.

It is perhaps gratuitous to anticipate and to again answer the oft-repeated "warning" by some that further increases in freight

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rates will drive business from the railroads to competing forms of transportation.

I testified in February, 1951 (Record 287-288) and repeated in May, 1951, (Alldredge-Wash. 115):

"The freight rate fabric of this country has never been static and probably never will be. Changes are required from day to day; that has happened in the past and will happen in the future. Each situation has to be treated on its respective merits at the time it arises. No rate fabric, therefore, has ever been made static and unchangeable and this one will not be.

"However, we intend to make effective all these increases that we have asked the Interstate Commerce Commission to authorize in Ex Parte 175, and will proceed before the State Commisions to ask for corresponding changes there."

I repeat, too, what I previously said to the effect that other and competing forms of transportation, including unregulated trucks, cannot escape the rising costs of operation and those competing forms of tansportation also are finding it necessary to increase their rates and charges.

Mr. Grubbs: I offer exhibit 116 in evidence.

Comm. Aitchison: Without objection, it is received.

(Petitioners' Exhibit 116, Witness Davis, was received in evidence.)

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Commr. Aitchison: Cross examine.

CROSS EXAMINATION

Q (By Mr. Freeman) Is the level of maintenance for way and structures and equipment in 1951 about the same as 1950?

A No, it is greater.

Q The level of maintenance was greater in 1951?

A I beg your pardon.

Q The level of maintenance was greater in 1951?

A Than in 1950, yes.

Q Even with the cutbacks to which you have referred?

A Yes, because a great part of it happened before September, you see. We commenced to make these cuts partly in March and April, and in September as well.

Q Turn to the top of page 2 or your statement, please, where you say that "all but railroads have been able to pass along increases in cost."

A That isn't what I said. I said that all but the railroads have been able and are justifiable to pass along most, if not all, of the increases in costs inflicted upon them. I didn't say "all."

Q With the six per cent granted, the Atlantic Coast Line in August -- enabled the Atlantic Coast Line to pass along all its increase in costs since 1950, did it not?

A No.

Q I refer you to the comparison of Basis 6.

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A First of all, the increase was not six per cent, it was a little above five per cent.

Q I won't quibble over what the actual increase was, but let's compare your Basis 6, 1951 results, with 1950 results. Doesn't that show that thenet railway operating income in 1951, even with a greater level of maintenance, was larger than 1950?

A Yes.

Q Doesn't that indicate you have been able to pass along your costs through the increase granted by this Commission?

A No, because we ought to have incurred additional costs in the improvement of the property.

Q If we are comparing costs, and we keep the level of maintenance the same, so that we will have a comparative basis, 1951 and 1950, I submit that if 1951 net railway operating income was higher than 1950, you will pass along your costs, will you not?

Mr. Grubbs: I object to the question. It is argumentative.

Commr. Aitchison: I didn't hear the objection clearly, Mr. Grubbs.

Mr. Grubbs: I object to the question because it is argumentative. He submitted a certain proposition to the witness.

Commr. Aitchison: I take it was a rhetorical form of question.

The Witness: Will you read the question again?

(Question read.)

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The Witness: First, I am not comparing costs between the railroad and other industries, otherthan as a passing statement that industry has been able to pass along a good part of its costs, and the railroads should be allowed to do likewise. We have other costs that we have incurred -- take the escalation, as of January 1, of this year.

Q (By Mr. Freeman) That will be reflected in your Basis 7, will it not, which shows the net railway operating income higher than Basis 6?

A Yes, that is right, that is in there. Basis 7 and Basis 8.

Q Well, Basis 7, with the same rates and charges?

A Right.

Q Turn to the second paragraph on page 3, please, where you state operating expenses, taxes, and rents increased in 1951 more thandid revenues. You don't mean that, do you?

A Yes, I do.

Q Let's turn to your sheet 3 of your exhibit, and again compare 1951, Basis 6, with 1950.

Doesn't that show that revenues more than took care of increased operating expenses, taxes, and equipment?

A I testified to the effect thatit shows an increase in operating revenues of about 25 million dollars, and in operating expenses of about 21 million dollars. Those are round figures. I gave the exact figures.

Q How do you get the conclusion that operating expenses, taxes,

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and rents, increased more in 1951 more than did revenues, then?

The Witness: Read that question, please.

(Question read.)

The Witness: Here was my statement. Operating expenses, taxes, rents, increased in 1951 more than did revenues, with the result that at the end of the first 11 months of 1951 Coast Line's net railway operating income was approximately one-fourth less than at the end of the first 11 months of 1950.

Q (By Mr. Freeman) Well now, we have your estimate for the month of December, on page 3 of the exhibit, so we don't need to compare 11 months, we can compare 12 months of 1951 with 1950, and we don't get the result there stated of one-fourth less net railway operating income, do we?

A I think you do get that.

Q Let's compare again then Basis 6.

Comm. Aitchison: Haven't you got the document before you, so you can argue that question when you get to it, without attempting to force the witness to check the computations?

Mr. Freeman: The witness is maintaining --

Comm. Aitchison: I am asking yes or no.

Mr. Freeman: I beg your pardon?

Comm. Aitchison: I am asking yes or no.

Mr. Freeman: The question can be argued, yes, sir. That is, it is a question of fact which can be argued

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Q (By Mr. Freeman) You state on page 10 of your statement that net railway operating income, on the basis of present rates will produce a net railway operating income in 1952 of $14,660,000. What was the last year in which the Atlantic Coast Line earned that large a net railway income?

A I don't recall. I don't have that data with me. The point is, it is not sufficient for our needs.

Q Do you recall whether you have earned that large a rate of return in the post-war period, from 1945, on?

A I don't think we have.

Q Beginning on page 14, you speak of cash balances, 1950 and 1951, and point to the downward trend shown on sheet 5 of your exhibit. As a matter of fact, isn't the drop in cash from January of 1950, shown on sheet 5, to December of 1951, of about six and three-quarter million dollars, accounted for by the six million dollar increase in inventories, of materials and supplies, of which you speak on page 25 of your statement?

A There was quite a large increase in material and supplies in 1951. But we paid for that out of cash, out of treasury cash, rather than out of earnings.

Q Do you recall how many employees the A.C.L. has in round numbers today?

A Between 19,000 and 20,000 -- less than 20 and more than 19. I have the exact figure here if you want it. At the end of December, 1951, 19,450.

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Q Now in May you estimated that if you got an increase in rates as requested you would be able to continue your maintenance program, and you estimated on the form submitted to Dr. Parmelee that under that increased level of revenue you would have 19,300 employees?

A But we didn't get the increase.

Q But you now have more employees; is that right, and not less?

A That is due in part to the change in reporting the employees, under a requirement of the Commission. It has to do with train and engine crew service, and extra or regular men off duty, due to lap-over days, on the account beginning January, 1951, in mid-count, and not included prior thereto.

Q Would you summarize that change? Can you tell me how many employees that would account for, that change?

A No, I don't have that data available. I just have the total of 19,450, as of December, 1951.

Commr. Mahaffie: Do you have the figure of the ending month now?

The Witness: It is mid-month, I beg your pardon -- it is the mid-month count.

Q (By Mr. Freeman) Turn to page 19, please. There you state that had the cash been available, the ACL would have spent $5,476,000 in 1951 for "those," and you are referring to re-ballasting and the cross ties, the two programs -- it was [illegible] program by nearly two million dollars?

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A Yes.

Q Were those two programs curtailed because of lack of cash?

A Yes, lack of cash, and, of course, in connection with cross ties and rail, which I referred to earlier. the supply had something to do with it, but it was cash.

Q That is my point. You stated you were unable to get delivery of cross ties to the extent of $1,300,000?

A Both is correct. We didn't have the money to pay for them, if we could have gotten them. We couldn't get them.

Q By the same token, if you had the money, you couldn't have gotten them?

A Couldn't what?

Q If you had the money you couldn't have gotten them?

A That is right.

Mr. Freeman: That is all.

Commr. Aitchison: Further cross examination?

Q (By Mr. A. G. T. Moore) Mr. Davis, this is a revenue case, isn't it?

A Yes.

Q And you need all of the revenue you can get out of it, don't you?

A Yes.

Q In your executive judgment, would an over-all advance on all lumber rates on a straight percentage basis, rather than the hold-down, accord greater revenue to carriers?

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A yes, certainly to the Coast Line. While we are a party to thehold-downs, I think it would mean more money to all of the railroads.

Q Therefore, you would like to see a straight percentage advance come out on lumber out of this case?

A If the Commission authorizes it, yes.

Mr. A. G. T. Moore: That is all.

Q (By Mr. Assenheimer) Mr. Davis, in cooperation with the chairman's suggestion, I want to ask you a couple of questions here.

On sheet 3 of your exhibit, I notice for the year 1951 that your net investment as of December 31 increased over the 1950 figure of approximately 15 per cent; is that correct, sir?

A The figures speak for themselves. I haven't worked out thepercentages. It is about that.

Q It is 400,000 against 349,isn't that right, sir?

A Thatis right. No, not 400,000.

Q It is 400,000,000, I beg your pardon, against 349,000,000, or approximately 14½ or 15 per cent increase.

A That is right.

Q In your capital investment?

A That is right.

Q Now, let's go down on line 20. For the first 11 months actual, you show a net railway operating income in line 2, for the first 11 months of 1951, of 5,981,000.

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Q Then on Basis 6, 1951, which is the actual estimated just for the last month, isn't that right?

A Right.

Q You show 10,096,000, or practically 100 per cent increase with the addition of one months' additional figures.

A Well, the difference there is, the figures in Basis 6 take into account the accounting required by the Commission's recent order with respect to amortization, and that is not true with the figures shown under the first 11 months of 1951.

Q I see. And on the basis of the 1950 figure, where you increased your investment 15 per cent, you still practically show the same rate of return, it is about 29 per cent, one-hundredths per cent off, is that correct?

A Basis 6 shows a rate of return of 2.52, for 1950 of 2.81.

Q That is right, sir. On page 5.

A Sheet 5 or page 5?

Q Page 5 of your testimony, sir, the bottom paragraph, volume of traffic for year 1951 as measured by revenues is 23.83 per cent increase.

Can you tell us what caused that increase?

A Increased traffic, that is about all I can tell you.

Q Could the installations, both Government and private industry, have affected that, that volume?

A Of course, it contributed to it.

Q And it [illegible]

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more; is that right, sir?

A We have a large number of installations.

Commr. Aitchison: Please answer the question.

The Witness: Yes.

Commr. Aitchison: Now you can make the qualification, but you must answer the question.

The Witness: I had answered him yes.

Commr. Aitchison: No, you hadn't.

The Witness: I thought I had.

Commr. Aitchison: Not until I called it to your attention.

Q (By Mr. Assenheimer) I am trying to make this very short.

A The answer is yes.

Commr. Aitchison: Now you can make any qualification necessary.

The Witness: I started to tell him we have a number of installations of Federal expenditures, in addition to the ones in Georgia, and so forth.

Q (By Mr. Assenheimer) And there will be more in 1952, under the present fiscal program?

A Presumably.

Q Yes, sir. I am not going to ask you anything about your traffic outside of that question, because your traffic man will be here, as I understand it.

On page 16, you state that you need these funds to meet the exigencies of the national defense. What do you mean by

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that?

A I mean to improve our plant, to increase our facilities to handle the added traffic.

Q In anticipation of national defense volume?

A Partially, yes, partially.

Q Yes, sir. Now, there is just one otherquestion, and then I am finished.

Will any increase cause diversion to other forms of transportation?

A If at all, it will be very negligible. in my opinion.

Q In your opinion?

A Yes.

Mr. Assenheimer: That is all. sir.

Commr. Aitchison: Mr. Wells.

Q (By Mr. Wells) Mr. Davis, I have just a few questions.

First, referring again to the statemsnt at the top of page 2of your prepared statement: Are you sufficiently familiar with the Florida citrus industry, and particularly the sworn statements of fact that have been filed in this record, to know that the Florida citrus industry is not in position to pass on any of the increase in cost to which you there refer?

A I wouldn't know about what they are able to pass on. I know they had a very good year last season, but this season is not as good as it was in the prior season.

Q As a matter of fact, are you familiar with the development

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of last week where the ceiling price of frozen concentrates was reduced by some 30 cents?

A No, I notice that the movement over the Coast Line of frozen concentrate has been reduced in volume here in the last two or three weeks, thatis all I know.

Commr. Aitchison: I read the story in the paper about closing down a lot of those concentrating plants, because there was too much being produced, or what?

Mr. Wells: I think the experience shown by the record is --

Commr. Aitchison: Just within the last week.

Mr. Wells: A great many of them have not yet started to operate this year, Mr. Chairman.

Commr. Aitchison: I wondered if the anti-trut division had been directed to what was accomplished, according to the paper?

Mr. Wells: The testimony that has been filed here indicates also that the current prices had been too high to permit the movement that had been expected.

Q (By Mr. Wells) I notice that you have, in several places in your statement, referred to the accuracy of your May, 1951, estimates, and I want to ask, without going into detail, whether in nearly every instance the May estimate of your operating revenues was not actuall less than the experience of 1951?

A Well, our estimate was an increase of 21 point something

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figure that I called in the record, and it turned out to be 23.3. That is your question, is it not?

Q You are speaking of --

A We underestimated it a little bit in May, compared with the results of 1951.

Q You were speaking there of the percentage increase of revenue ton-miles, 1951 over 1950?

A Right. That is right.

Q I am referring to your estimate of operating revenue that was made in May, 1951, in this proceeding, and my question is whether those estimates were not under the actual operating revenues you received in 1951?

A Well, I don't have the May, 1951, estimate here. They were prepared, as I said, under the supervision of Mr. Fields who will go on the stand. I suggest you address that question to him, because he can answer it more accurately than I can.

Q Referring to your statement, Mr. Davis, contained in here, that there were accurate estimates made --

A Well, I said fairly accurate, they weren't accurate, of course.

Q One otherquestion in that regard: Wasn't it also true that in the estimates of operating expenses -- they were greater than the actual experience in 1951?

A Do you mean the expenses were greater than --

Q Your estimates in May were greater than the actual result

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for 1951?

A Yes, and that comes about by reason of the fact that we reduced forces the second time in May, 1951, and further because of the shortage of cash, we reduced our purchases, and so forth. That is the reason we wound up with an operating expense less than I had estimated in May. That was forced on us.

Q Actually, also on your Basis 4, which was that the interim rates were in effect for a 12-month period, your net railway operating income estimate was some five million dollars, contrasted with your actual experience for the year of 1951 of more than ten million dollars; is that right?

A You refer now to the estimate I made in May, 1951?

Q Yes, sir.

A I don't have that data with me. You have it, I do not.

Q Mr. Davis, in your reference to the proposed purchase of the Florida East Coast Railway by the Atlantic Coast Line --

A That wasa proposed merger.

Q Is it your purpose to advance here in this proceeding that proposed merger or purchase as a reason for increasing the rates accruing to the Atlantic Coast Line Railroad Company?

A Not the slightest.

Mr. Wells: That is all. Thank you.

Mr. James: Mr. Davis, what is the present status of intrastate increases, comparable with the six per cent now authorized in the Southern Region?

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The Witness: Well, here is the situation, certainly as it was as of January 11, 1952. The Ex Parte 175 increases have not as yet been authorized in South Carolina, Florida or Alabama. Petitions were filed with the State Commissions of each of the southern states, reached by the Coast Line as follows: Petition for interim increase, we filed, petition for six per cent increase filed. In Virginia none was filed under the first column -- that is, the petition for the interim increase, because the Virginia State Commission takes the position it can't authorize an interim increase.

But the petition for the six per cent increase was filed on August 13, 1951.

North Carolina, first column, April 12, 1951; second column, August 10, 1951.

Mr. James: Maybe I can shorten this. Irrespective of when the petitions were filed, in how many states are you now enjoying the intrastate increases?

The Witness: In the Commission for Virginia, South Carolina and Georgia, which acted promptly.

Commr. Mahaffie: South Carolina did, yousay?

The Witness: Yes, Virginia, South Carolina and Georgia acted. A hearing before your Commission, Commissioner James, the North Carolina Commission, was on November 6, 1951, and the order was dated January 1, 1952. The increases have become effective January 15, 1952. The hearing before the Georgia

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Commission was on September 5, 1951; an order was dated October 3, 1951, and the increases became effective October 15, 1951.

I will not deal with the exceptions. But your question boils down to this: that in Florida, Alabama, we have not received the authority we have from the others, in the states, to the extent indicated.

Mr. James: And in several others you have not felt the effect revenue-wise of the authorization.

The Witness: In the case of your Commission, it has only become effective inthe last two weeks, yes.

Commr. Mahaffie: When did South Carolina become effective?

Mr. Grubbs: Maybe I should supplement it. What Mr. Davis said was correct, as of the date he gave, but a few days ago South Carolina acted, authorizing the increases with certain exceptions, but to become effective at some distant date.

Mr. James: When theincreases do becomeeffective, intrastate, in all of the states in which you operate, there will be a substantial increase in revenue, will there not, Mr. Davis?

The Witness: There will be an increase, Mr. Commissioner James, but in round figures, the freight revenues of the Atlantic Coast Line are derived from interstate traffic to theextent of 85 per cent. On intrastate traffic, 15 per cent. So to the extent the State Commissions cooperate with us in authorizing these increases, we do benefit within that limit of 15 per cent, we will say,which is where we get the amount of our earnings that come from intrastate traffic.

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Mr. James: Although the degree of diversion, if there was such, would probably be higher there in intrastate traffic?

The Witness: I don't think that. I think it might be from short-haul traffic, whether intrastate or interstate.

Mr. James: Yes. Well, I assume that would often be intrastate traffic, the short-haul. Thank you.

Commr. Aitchison: As there are no further questions of Mr. Davis, you are excused.

(Witness excused.)

Commr. Aitchison: Before the next witness is called, if agreeable to all concerned, Mr. Ellsworth, of Utah, and Mr. Ketner of the Dominion Minerals, Inc., who is interested in aplite rock, may be heard before Examiner Fuller in Hearing Room D at two o'clock this afternoon. Is that satisfactory to everybody? There is no dissent.

Mr. Burgess: Our next witness will be Mr. DeButts.

HARRY A. DeBUTTS

was previously sworn and testified further as follows:

Commr. Aitchison: YOu have been previously sworn?

The Witness: Yes, sir, in the previous case.

DIRECT EXAMINATION

Q (By Mr. Dixon) What is your name and occupation?

A My name is Harry A. DeButts, and I am President and a Director of the Southern Railway Company and its system lines.

Q Have you previously testified in this proceeding?

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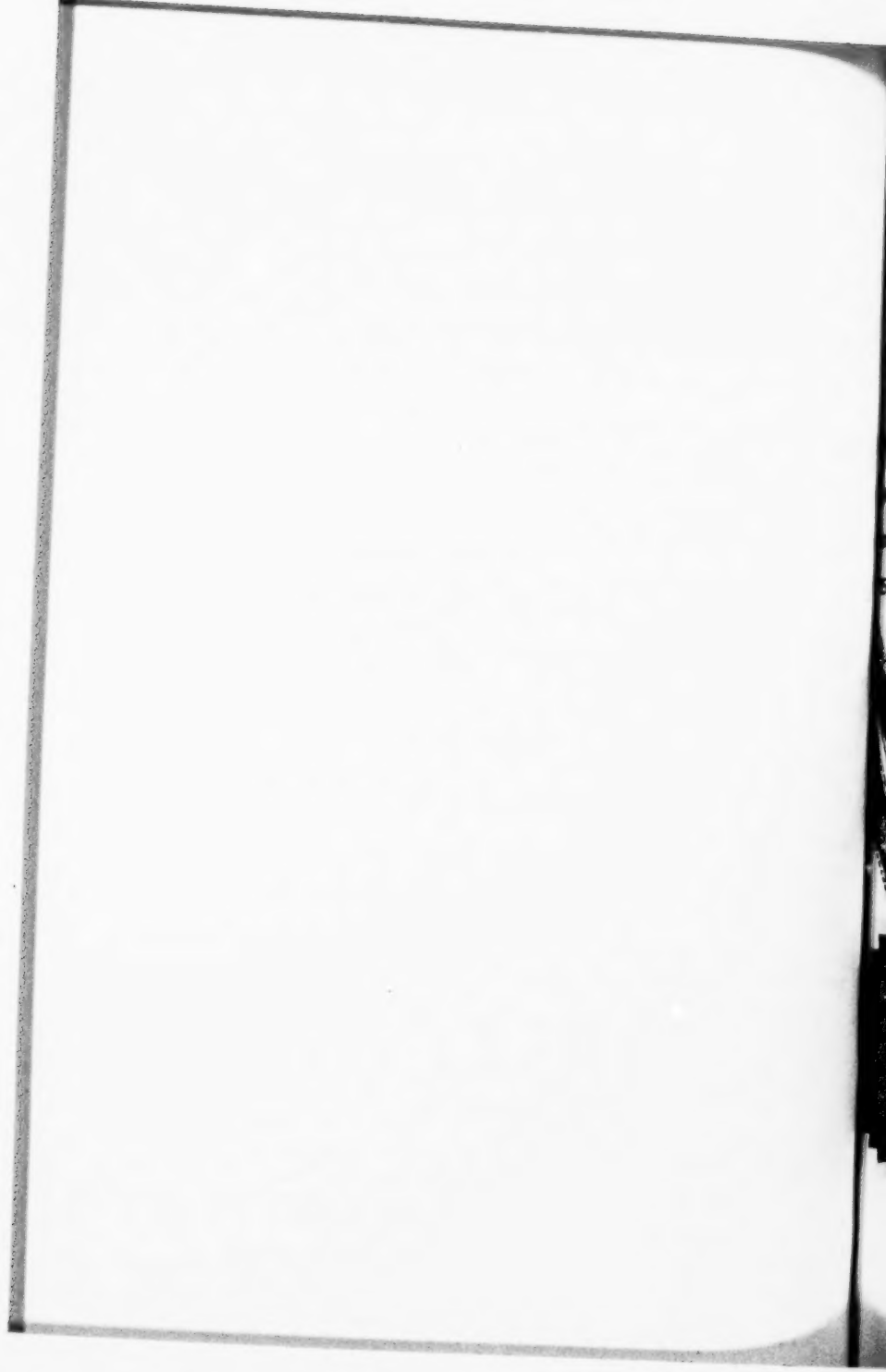

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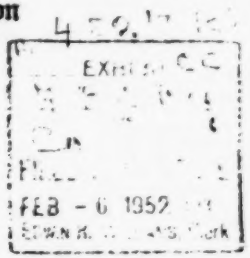

I, W. P. BARTEL, Secretary of the INTERSTATE COM-
COMMISSION, do hereby certify that the attached is
copy of Exhibit No. 116, filed at the hearing held
ry 18, 1952, at Washington, D. C., in Ex Parte No.
Increased Freight Rates, 1951, the original of which
on file and of record in the office of said Commis-

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of said Commission this 4th day of February, A. D. 1952.

W. P. Bartel

SECRETARY OF THE INTERSTATE COMMERCE COMMISSION

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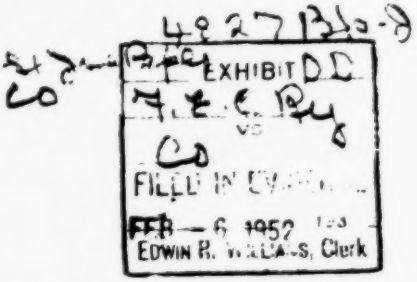
An informal look at
ATLANTIC COAST LINE



ADDRESS BEFORE

THE NEW YORK SOCIETY OF SECURITY ANALYSTS
Tuesday, December 18, 1951

By

C. McD. DAVIS
President, Atlantic Coast Line Railroad Company

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ADDRESS BEFORE

THE NEW YORK SOCIETY OF SECURITY ANALYSTS

Tuesday, December 18, 1951

By

C. McD. DAVIS, President

Atlantic Coast Line Railroad Company

INTRODUCTION

While I am genuinely pleased to have the opportunity today to tell some things about the Atlantic Coast Line Railroad, my pleasure is somewhat tempered in recalling a description of members of this Society given by Mr. Tilford, President of the Louisville & Nashville Railroad, when he addressed you on March 14 of this year and pictured you as "a group whose calling and ambition is to cause us to see ourselves as others see us." Mr. Tilford also mentioned that you previously had caused him "spells of uneasiness accompanied by considerable work trying to prove the correctness of one definition of a Statistical Analyst, i.e., 'one who can go directly from an unwarranted assumption to a preconceived conclusion.'"

Those characterizations are particularly terrifying to a railroad man who, like myself, has been brought up largely in traffic and operating channels, and not particularly in statistical or analytical work.

Seriously, I repeat, but this time without qualification, that I am glad to be here and hope that following this meeting you may feel better acquainted with the property of the Coast Line.

The story of the Atlantic Coast Line, and especially its progress in the last decade or so, is naturally of paramount interest to me, and perhaps I am prejudiced in thinking that it should be interesting also to friends and critics alike, and particularly to friendly critics.

I know from contacts and correspondence with many of you, and careful perusal of your numerous interesting recurring articles on Coast Line, that this audience is full of constructive and friendly critics, so I am not really as "awed" today as my opening remarks may have indicated.

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HISTORY AND CORPORATE ORGANIZATION

Before undertaking to describe portions of the physical improvement in which we on the Coast Line take such pride, I believe you may be interested in a brief reminder of the corporate organization of the Coast Line system of railroads; or in Coast Line's family ties, to use a more homely term.

The Atlantic Coast Line Railroad of today is made up of what once was more than 100 separate railroad companies. Our Company was 100 years old in 1934; has never been in receivership or trusteeship, and takes pride in never having defaulted on an obligation, either interest or principal. Coast Line has never had to change its corporate name, even from "railroad" to "railway", or vice versa.

I assume that you are more interested in the present, or more particularly interested in the future, than you are in the distant past and, therefore, I will not burden you with a great deal of history other than to say that around the turn of the century, the lines of what are now the Coast Line north of Charleston, S. C., in the States of Virginia, North Carolina and South Carolina, were unified into the Atlantic Coast Line Railroad Company; and that on July 1, 1902, the properties of the Plant System of Railways, comprising numerous lines south of Charleston, in the States of South Carolina, Georgia, Alabama and Florida, were acquired by the Coast Line. The Atlantic Coast Line Railroad then came into being in much the form in which it continued until January 1, 1946, when the property of the former Atlanta, Birmingham and Coast Railroad was merged into the Coast Line.

The Coast Line, as constituted immediately after acquisition of the Plant System of Railways in 1902, operated 4,139 miles of road.

Subsequently, there have been constructed, acquired, or leased by Coast Line 1,964 miles of road, while the operation of 651 miles of road has been discontinued, a net growth since July 1, 1902, of 1,313 miles of road.

Approximately 700 miles of second track (or double-track) have been constructed since July 1, 1902, by Coast Line.

Also in 1902, the Coast Line acquired 51% of the capital stock of the Louisville & Nashville Railroad Company, about which I will have more to say later.

One of the vehicles used in assembling the Coast Line family group of railroads was The Atlantic Coast Line Company, a Connecticut corporation, which, after the formative stage, has continued as a holding corporation and is Atlantic Coast Line Railroad's largest single stockholder.

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You may be interested in the reminder that The Atlantic Coast Line Company has outstanding 235,200 shares of its own capital stock, and owns 235,200 shares of Atlantic Coast Line Railroad Company common stock, or share-for-share.

The Atlantic Coast Line Railroad has outstanding 823,427 shares of its own common stock, and owns 823,427 shares of Louisville & Nashville common stock, or again share-for-share.

CHARLESTON & WESTERN CAROLINA ATOMIC ENERGY PLANT

Mention of the Connecticut Company is a reminder that among its assets other than Atlantic Coast Line Railroad securities is the entire capital stock of the Charleston & Western Carolina Railway Company, which operates some 343 miles of railroad between the low country and Piedmont sections of South Carolina, via Augusta, Ga.

There is at present considerable glamour associated with the Charleston & Western Carolina because of the location, on C&WC and Coast Line, respectively, of the Savannah River Plant of the Atomic Energy Commission, familiarly known as the H-Bomb Plant, which will occupy a plant site area of some 202,000 acres largely in Aiken County, South Carolina, in the Ellenton-Dunbarton area.

The cost of the Savannah River Plant of the AEC is reported to run into astronomical figures—almost beyond my comprehension.

The first shipments of construction materials arrived at the Savannah River Plant on January 11, 1951, and there has been a continuous movement since. Only a comparatively few carloads daily were received in the beginning, but now "unloads" in the plant site area are averaging about 200 or more carloads per day, practically all, of course, being construction materials.

Crushed stone is moving in trainload lots from a quarry at Dan, Ga., and building sand in trainload lots from a deposit at Kathwood, S. C., both on the C&WC.

A movement of concrete pipe from the Orangeburg, S. C., area in trainload lots began just last week, and it is understood that several steam power plants in the area will receive coal, probably in trainload lots, when operation of one or more of the power plants is commenced.

Prior even to location of the Savannah River Plant of the AEC, the Charleston & Western Carolina had commenced quite an improvement program.

In early 1950, decision had been reached to completely dieselize

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the Charleston & Western Carolina, which would mean progressing in a single step, rather than gradually, as is usually the case, from a completely steam-powered road to a completely diesel-powered road.

To accomplish the complete change from steam to diesel power, 19 diesel units were ordered, which would have been sufficient to completely dieselize the small railroad on basis of the volume of traffic foreseen at that time.

However, delivery of the 19 diesel units could not be obtained until late in 1950, and by then, and especially when the plans of the Atomic Energy Commission became known, it was apparent that 19 units were not sufficient for complete dieselization of the C&WC, and orders were placed for 12 additional diesel units, deliveries of 10 General Purpose units being expected this month and 2 switching units in February, 1952.

In the meantime, the Charleston & Western Carolina is, of course, having to supplement its diesel operation with steam power operation, and to continue in use its coal chutes, water tanks and other facilities required by steam operation.

For quite a few years prior to 1949, the Charleston & Western Carolina had not increased its ownership of cars, but acquired 250 new freight train cars in 1949.

In early 1951, it was necessary for the C&WC to provide itself immediately with additional open top freight car equipment for the transportation of concrete aggregates and other construction material to the Savannah River Plant, and C&WC had to resort to extraordinary means to meet that demand quickly.

Not having time in which to order and obtain new cars through normal channels, Charleston & Western Carolina looked around for old cars set aside for scrapping, and entered into an arrangement to purchase from another railroad at scrap value open top hopper and gondola cars up to a maximum of 400 units, and arranged for the rebuilding of those cars in order to provide sufficient service life to meet the needs of the plant construction of AEC.

274 such cars were rebuilt through December 15th and are now in service.

In addition, the Charleston & Western Carolina has had to effect important improvements to roadway and track structure, not only because of the added duty of serving the AEC plant, but also to meet the needs of other patrons.

Such roadway improvements included the reconstruction on a new alignment of trestle approaches to the bridge over the Savannah River near Woodlawn, S. C., in order to eliminate an

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undesirable curve on the trestle approach, and to improve otherwise the alignment of the river crossing.

Objectionable "dips" at several locations were raised, and curvature reduced or eliminated, particularly in the Greenwood, S. C., area, where the alignment was materially revised.

Charleston & Western Carolina's Capital roadway expenditures in 1950 amounted to approximately $315,000.

It is estimated that such Capital roadway expenditures in 1951 will amount to about $1,060,000, with the work of improvement to continue into 1952 to the extent that funds are available.

COAST LINE CORPORATE ORGANIZATION—Continued

I have digressed rather far afield from what started out to be a description of Coast Line's family ties, but I did so quickly to touch upon a large development that is the subject of perhaps the majority of the questions currently being asked of me, namely, the Savannah River Plant of the AEC, and its probable effect upon the revenues of Coast Line and C&WC.

Reverting to Coast Line's family ties, I referred to the purchase in 1902 of 51% of the common stock of Louisville & Nashville Railroad Company by the Coast Line.

That purchase was in part financed through the issuance of $35,000,000 principal amount of Collateral Trust 4% Bonds to mature in 1952.

As part of Coast Line's funded debt reduction program in the 1940's, to which I will later refer, the Coast Line retired $15,000,000 of that $35,000,000 L&N Collateral Trust Bond issue.

A portion of Coast Line's holdings of Louisville & Nashville stock was sold in 1945, and the proceeds used to retire the remaining $20,000,000 of the L&N Collateral Trust Bond issue.

The sale in 1945 was effected shortly after the Louisville & Nashville had split its stock on a two-for-one basis; the result of the sale by Coast Line was to reduce its stock ownership of L&N from 51% to 35%, such 35% becoming an unpledged asset of the Coast Line.

When speaking to you in March, Mr. Tilford described the Louisville & Nashville, which operates some 4,778 miles of railroad, and also owns just a shade less than 75% of the stock of Nashville, Chattanooga & St. Louis Railway, the latter railroad operating 1,025 miles of road.

Coast Line and Louisville & Nashville lease jointly the railroad property of Carolina, Clinchfield and Ohio Railway and operate that road as the Clinchfield Railroad.

Coast Line and Louisville & Nashville also lease jointly the

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railroad property of the Georgia Railroad & Banking Company and operate that road as the Georgia Railroad. The Georgia Railroad lease carries with it the lease of common stock control of the Atlanta & West Point Rail Road and of The Western Railway of Alabama

The aggregate mileage of these four roads leased jointly by the Coast Line and Louisville & Nashville is 870 miles.

Coast Line also owns some 77% of the stock of the Columbia, Newberry & Laurens Railroad, which operates 75 miles of road between Columbia, S. C., and Laurens, S. C.

PHYSICAL DESCRIPTION—IMPROVEMENTS

Coming now to the Atlantic Coast Line Railroad proper:

Coast Line operates about 5,452 miles of road in the States of Virginia, North Carolina, South Carolina, Georgia, Alabama and Florida.

Coast Line's principal main line, which is double-tracked, extends between Richmond, Va., and Jacksonville, Fla., with important secondary main lines diverging therefrom to reach Norfolk, Va., and Wilmington, N. C., on the east, and Columbia, S. C., Augusta and Atlanta, Ga., and Birmingham and Montgomery, Ala., on the west, with a network of lines extending southwardly from Jacksonville, Fla., and from Dupont and Thomasville, Ga., into the Florida peninsula.

During the depression years of the 1930's, Coast Line had but little money to spend in improving its property, due to the then low level of traffic and, too, the necessity for maintaining an adequate financial position.

Coast Line was fortunately in position to weather that very trying period of necessarily curtailed expenditures because large sums had been spent during the Florida boom period of the middle and late 1920's both to improve roadway and track structure and to acquire new power and equipment.

Because of that unavoidably unbalanced situation, it was necessary for Coast Line, beginning in 1939, to institute a vigorous rehabilitation and improvement program, first with respect to power and equipment, and later with respect to improvement of roadway and track structure.

That improvement program has since been vigorously pursued, though progress was hampered in the days of World War II by shortages of material and of manpower, and was at times necessarily restricted, as at present, by the all-important availability of funds.

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POWER AND EQUIPMENT PROGRAM

Coast Line has purchased or otherwise acquired since 1939, or now has on order for early delivery, the following units of power and equipment:

	Approximate Cost
Diesel Power (559 units)	$ 80,700,000
Lightweight Passenger-train cars (146 units)	14,600,000
Freight cars (19,501 units)	59,400,000
	$154,700,000

DIESEL POWER

The most significant phase of the power and equipment program has been, of course, the gradual conversion from steam to diesel motive power.

I take this opportunity to say that Coast Line is now almost completely dieselized, not only for operation during off-season summer months, but during the peak winter season as well. This occasion today is the first upon which an authoritative statement to that effect has been made.

At the beginning of 1951, Coast Line's ownership of diesel power of various types totaled 280 units.

Two groups of orders were placed for 1951 delivery, one for 125 units of various types for delivery during the first six months, the other for 154 units of various types for delivery during the last six months of 1951, with the slight exception of 10 small 800-HP Switchers now scheduled for delivery in March-April, 1952.

Thus, during this single year of 1951, Coast Line's ownership of diesel power has practically doubled, increasing from 280 units to 559 units.

With completion of deliveries promised, Coast Line's ownership of diesel power will be, by types:

Number of Units:

59	2000-HP Passenger Units
5	2250-HP Passenger Units
24	1350-HP Freight or Passenger Units
40	1500-HP Freight or Passenger Units
24	1500-HP General Purpose (Road Switcher) Freight or Passenger Units
48	1350-HP Freight Units
112	1500-HP Freight Units
130	1500-HP General Purpose (Road Switcher) Freight Units
10	800-HP Switching Units
34	1000-HP Switching Units
73	1200-HP Switching Units
Total Units 559	

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The composition of this ownership is such as to provide maximum flexibility.

The General Purpose unit, which is a road locomotive but equipped with a switcher-type cab, can perform, for illustration, an eight-hour switching assignment, immediately followed by a line-of-road train movement.

The units classed as "Freight or Passenger" have a gear ratio which will permit the handling of tonnage freight trains, yet, being equipped with steam generators for train-line heating, can handle secondary passenger trains, extra sections, special movements and the like at intermediate passenger-train speeds (60 miles or so per hour).

FREIGHT-TRAIN CARS

As heretofore stated, Coast Line has acquired since 1939, or presently has on order, a total of 19,501 new freight cars of various types.

Included in that figure are a total of 1,800 cars which are not being acquired under a purchase plan, but instead are being obtained under the Equitable Lease plan which provides for per car per day rentals.

The Equitable Lease plan includes 600 covered hopper cars and 700 pulpwood cars which are already in service, with 500 additional pulpwood cars to come for December, 1951-January, 1952 delivery.

In addition to the Equitable Lease cars, the Coast Line placed orders in April, September, and October, 1950, for delivery in 1951, though construction of some of the cars has been delayed and will extend into 1952, for:

400	Phosphate Rock Covered Hopper Cars
400	High-side Gondola Cars
400	Low-side Gondola Cars
100	Mill-type (Extra Length) Gondola Cars
100	Hopper-bottom Coal Cars
500	Box Cars
150	Pulpwood Cars
2,050	Cars

On such orders, shipments through December 15, 1951, were:

400	Phosphate Rock Cars
400	High-side Gondola Cars
400	Low-side Gondola Cars
115	Pulpwood Cars
310	Box Cars

leaving, with delivery promised, 190 Box Cars, December, 1951, 100 mill-type Gondola Cars, May, 1952, 100 Hopper-bottom Coal Cars, January, 1952, and 35 Pulpwood Cars, December, 1951.

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The 400 phosphate rock cars already delivered are equipped with roller bearings, and the remaining 500 pulpwood cars to be acquired under the Equitable Lease plan, as well as the 150 pulpwood cars being built in Coast Line Shops, also will be equipped with roller bearings.

Coast Line is convinced of the efficiency and economy of roller bearings for freight cars, but until the use of roller bearings becomes widespread, Coast Line is confining the application of roller bearings to special service types of freight cars that remain on Coast Line rails most of the time, and are not intermingled indiscriminately with the national car pool. (Pardon this apparent selfishness, for it is really self-preservation).

PASSENGER-TRAIN CARS

The 146 lightweight passenger-train cars acquired since 1939 include coaches, sleeping cars, dining cars, lounge cars and various combination cars, and provide equipment of modern design for most of Coast Line's through passenger trains.

Coast Line does not have any passenger-train cars on order, though should be ordering additional modern passenger-train cars as well as additional freight-train cars.

Orders for such equipment will be placed as soon as funds are in sight to produce a financial position which will warrant the purchase.

TRACK STRUCTURE AND ROADWAY IMPROVEMENT PROGRAM

Coast Line's program of rehabilitating and improving roadway and track structure did not begin as early as did the power and equipment program, which began late in 1939.

The roadway and track structure program did not get under way until late 1943, when we adopted 131-lb. rail (later 132-lb. rail when that section was developed) as standard for principal main lines in replacement of 100-lb. rail.

An extensive rail laying program has since been progressed, though in no one year of the program have we been able to obtain new rail in the full amount required and for which orders were placed or sought to be placed.

Along with the rail laying has gone a program of retimbering, and of reballasting with crushed granite ballast.

The double-tracked main line between Richmond and Jacksonville has been relaid completely with 131-132-lb. rail in replacement of 100-lb. rail, including the alternate route through Waycross as well as the direct line through Nahunta; it is

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completely surfaced on crushed granite ballast and has been largely retimbered in the past few years.

For important secondary main lines of lesser traffic density, 115-lb. rail has been adopted as standard in replacement of 100-lb. rail. These important secondary main lines have been and continue to be retimbered and reballasted with crushed granite ballast.

Secondary main lines of lesser traffic importance have been, and still are being, relaid with 100-lb. relay rail in replacement of rail of lighter weights. Such 100-lb. relay rail, after being taken out of first position, is sent to the rail cropping and reconditioning plant at South Rocky Mount, N. C., where each end of the rail is cropped 18 inches, thus eliminating the area of greatest wear, namely, the area within the angle bars which contains bolt-holes. A 39-foot rail is thus shortened to 36 feet.

When necessary, the cropped rail is straightened and otherwise reconditioned before relaying.

Washed gravel ballast has been extensively applied to roadbed on branch lines in connection with the relaying of such branch lines.

By the close of 1951, there will have been placed in track since late 1943 approximately:

1,315	Track-miles of new 131-lb.—132-lb. rail
274	Track-miles of new 115-lb. rail
433	Track-miles of cropped and reconditioned relay 100-lb. rail
12,830,000	Crossties
5,110,000	Cubic Yards of crushed granite ballast
982,000	Cubic Yards of washed gravel ballast

Along with relaying, retimbering and reballasting has gone a program of otherwise improving the roadway structure with the principal objective of enabling the operation of longer freight trains, probably at higher speeds.

This objective represents perhaps the best method of increasing efficiency with the basic aim of more and better service for less cost, either in money, effort, or both, coupled with the very important objective of attaining and maintaining maximum safety.

With the objective of increasing efficiency, Coast Line has been pursuing a program of improvement in grades, such as the raising of "dips" and the lowering of "peaks", together with much more substantial track structure, which is provided through the widening of roadbed to provide lateral support.

Coast Line has also been engaged in the improvement of alignment of track by reducing curvature and, where practicable, and more importantly, elimination of curvature.

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Longer freight trains necessitate the lengthening of passing tracks and the expansion of freight yard facilities.

The expansion of freight yard facilities requires not only the lengthening of yard tracks and the provision for additional yard tracks, but requires also improved yard communication and other improvements, including radio, floodlighting and the like.

While not related directly to the operation of longer trains at higher speeds, the provision of improved drainage is a major problem due to the rapid development of rural areas, the cutting of saw timber, of pulpwood, etc., resulting in additional under-track drainage flowing to and under railroad rights-of-way.

Since beginning of its program of improvement and rehabilitation, Coast Line has been engaged in furthering all of the improvement of roadway and track structure to which I have referred.

Since December 31, 1938, and through October, 1951, Coast Line has expended $51,112,000 for Additions and Betterments—Way and Structures.

Very large sums of money have been put into the property through Operating Expenses, much of the expenditure representing disbursements over and above normal maintenance.

There are two other important aspects to which I should call brief attention before leaving the subject of the physical condition of the Coast Line property.

These two aspects are the rehabilitation of the Western Division and the signaling modernization program on much of the railroad.

REHABILITATION OF WESTERN DIVISION OF COAST LINE

That portion of Coast Line now operated as the Western Division, extending from Waycross, Ga., through Manchester, Ga., to Atlanta, Ga., and also through Manchester to Birmingham, Ala., with a branch line from Fitzgerald to Thomasville, Ga., a total of 580 miles of road, was the Atlanta, Birmingham & Coast Railroad Company prior to January 1, 1946.

(The properties of the AB&C, when merged with Coast Line January 1, 1946, comprised approximately 637 miles of road; the abandonment of 57 miles has subsequently been authorized by the Interstate Commerce Commission. That abandonment represents the Western Division line into Brunswick, paralleling and therefore largely duplicating Coast Line's Southern Division line into Brunswick.)

The Atlanta, Birmingham & Coast had been formed in 1927 to take over the property of the then bankrupt Atlanta, Birmingham & Atlantic Railway.

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In the reorganization of the AB&A in 1927, Coast Line assumed the guarantee of dividends as well as principal of an Atlanta, Birmingham & Coast 5% preferred stock issue of slightly more than $5,000,000 which was distributed to creditors of the AB&A. The Coast Line also put cash in the reorganized company, and in return acquired all of the common stock of the reorganized company, the Atlanta, Birmingham & Coast.

During the nearly 20 years of its existence, the Atlanta, Birmingham & Coast eked out only a precarious living, and in each year Coast Line had to make good its guarantee of dividends on the preferred stock.

This continuing drain upon the Coast Line's treasury caused the situation to be examined with the view of determining whether the AB&C property should be junked, or whether it should be retained, modernized and improved.

The latter alternative was adopted, and it was concluded that the improvement could best be effected through taking the AB&C into the Atlantic Coast Line Railroad.

The AB&C preferred stock was consequently called for redemption and on January 1, 1946, the merger was effected.

Thereafter, an extensive program was undertaken, designed to bring the Western Division up to Coast Line's standards for secondary main lines.

Such program included relaying the very old lightweight rail with cropped and reconditioned 100-lb. rail, retimbering, ballasting, improving drainage, reducing grades and curvature, etc.

The Manchester-Atlanta segment (77 track-miles), the Manchester-Birmingham segment (196 track-miles), and the Manchester-Fitzgerald segment (132 track-miles) of the Western Division have been relaid with cropped and reconditioned 100-lb. rail since its acquisition.

Relaying is in progress at present on the Fitzgerald-Waycross segment (67 track-miles) and through December 15, 1951, a total of 30 track-miles had been laid in that segment, leaving 37 track-miles to be completed, after which the entire Western Division, except the relatively unimportant Fitzgerald-Thomasville branch, will have been relaid with cropped and reconditioned 100-lb. rail.

The Western Division reaches the very important gateway cities of Atlanta and Birmingham, and serves largely as a bridge line between those gateways and Florida and other portions of the Southeast served by Coast Line.

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The rehabilitation and improvement work in progress on the Western Division soon will make that line a high-speed through passenger and freight line.

The decision to improve rather than to junk the AB&C has been justified, since Gross Ton-miles have been increasing to a greater extent on the Western Division than elsewhere on Coast Line, the figures (in thousands) being:

Year	Western Division	System Including Western Division
1946	1,811,000	20,849,000
1947	2,284,000	20,186,000
1948	2,682,000	20,006,000
1949	2,549,000	17,790,000
1950	3,219,000	19,483,000
1951 through October 31	2,947,000	18,714,000

SIGNALING PROGRAM

The most recently undertaken major phase of the roadway rehabilitation program of the Coast Line has been the modernization of signaling.

The system of signaling in service prior to inauguration of the present modernization program consisted of an automatic block system with semaphore-type signals on the double-tracked main line between Richmond and Jacksonville, also on the largely single-tracked line between Jacksonville and Orlando, as well as on short segments of line elsewhere.

The signal modernization program now under way provides for replacement of that somewhat obsolete type of signaling with new coded track circuits and automatic block signaling, with approach-lighting searchlight-type signals, respaced for train speeds (if and when desired) up to 100 miles per hour, and with Centralized Traffic Control through certain bottle-necks or heavy traffic density segments.

The program contemplates extension of signaling to certain segments not heretofore signaled, namely, between Orlando and Tampa, Fla., on the Western Division main line from Waycross through Manchester to Atlanta and Birmingham, and on the line from Jesup, Ga., through Waycross to Montgomery.

CTC is to be installed between Sanford and Tampa in replacement of existing automatic block signaling between Sanford and Orlando, and extending over the Orlando-Tampa segment, which is not now signaled. CTC is also to be installed on the Western Division, while conclusion has not been reached as to the type

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of signaling to be installed on the Jesup-Waycross-Montgomery segment.

Through December 15, 1951, modernized signaling has been completed between Richmond and Florence, S. C., a distance of 298 miles (largely double-tracked), with CTC on single-tracked segments over viaducts between
Dunlop and Collier, Va.,
Garysburg and Weldon, N. C., and
Florence and Pee Dee, S. C.; also
on the heavy traffic density double-tracked segment between South Rocky Mount and Contentnea, N. C.

CTC has also been installed on the double-tracked segment between Folkston and Newell, Ga.

The Western Division was not equipped with signals prior to acquisition by the Coast Line.

Installation of CTC is now practically completed on the Fitzgerald-Manchester segment, and work is scheduled to begin shortly on the Manchester-Atlanta segment and with the Manchester-Birmingham segment to follow thereafter.

A total of 167 track-miles of CTC was in service on December 15, 1951.

Programs now in progress, namely, the continuation of signal modernization south of Florence on the Richmond-Jacksonville main line and installation of CTC on the Western Division, will be continued during 1952 and in addition, CTC will be installed between Sanford and Tampa, including portions of the Bone Valley branch which serves the important phosphate rock mining territory.

The over-all cost of the signaling program will be in the neighborhood of $15,000,000. It is expected that expenditures during 1952 will amount to more than $4,250,000, the CTC installation between Sanford and Tampa alone representing cost of about $2,250,000.

SUMMARY—EXPENDITURES FOR IMPROVEMENTS

Here seems an appropriate time to summarize what has been spent on the property since the improvement program began in 1939, through October, 1951, namely:

Equipment:	
Operating Expenses (Exclusive of depreciation and amortization)	$203,082,00
Additions and Betterments	150,819,00
Way and Structures:	
Operating Expenses (Exclusive of depreciation and amortization)	217,566,00
Additions and Betterments	51,112,00
Total Gross Expenditures	$622,579,00

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This total gross expenditure of $622,579,000 over the past thirteen years compares with:

Investment in Transportation Property at October 31, 1951	$446,664,000
Investment in Transportation Property, less Recorded Depreciation and Amortization at October 31, 1951	348,347,000
and with TOTAL DEBT OUTSTANDING AT OCTOBER 31, 1951, OF	$158,630,000

Coast Line has spent enormous sums in recent years on roadway and track structure.

Our Board of Directors, which I am glad to say makes frequent inspection trips over the railroad, believes that the investment has justified itself.

IMPROVEMENT IN PASSENGER REVENUES

The improvement in Coast Line's gross passenger earnings has been noticeable, attributable in large part, I believe, to the greatly improved riding qualities of both track and equipment.

While passenger travel is generally regarded as not being a profitable part of railroad operations, Coast Line is one railroad that derives relatively a large percentage of its total gross revenues from passenger-train earnings.

During first ten months, 1951, Coast Line derived 82.17% of its total gross revenues from freight-train operations and 17.83% from passenger-train operations (including head-end revenues).

Because of the importance of passenger-train revenues in Coast Line's picture the improvement in gross passenger revenues is gratifying, and I repeat my belief that such improvement is due in large part to improved track condition and its riding qualities.

Military travel, including furlough travel and families of military personnel, has, of course, accounted for some of the increase. But, while a number of armed forces installations are located on Coast Line, which have stimulated travel since the outbreak of the Korean War, by no means are all of the military installations in the South on the Coast Line.

Gross Passenger Revenues of Coast Line and its paralleling and principal competitor for passenger travel, namely, the Seaboard,

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during first ten months, 1951, compared with first ten months, 1950, were:

	Coast Line	Seaboard
First 10 months, 1951	$16,696,120	$12,192,229
First 10 months, 1950	13,659,744	11,680,813
Increase	3,036,376	511,416
Percentage Increase	22.2	4.4

I think those of you who have used Coast Line passenger service in recent months, say between Richmond and Jacksonville, will not disagree with my statement that there is no better track structure, roadway and riding track in the United States than that of Coast Line, particularly the Richmond-Jacksonville line.

Much is being said now-a-days about the passenger deficit problem, and it is true that Coast Line's passenger-train service still produces a deficit on basis of a strict application of the Interstate Commerce Commission's formula for dividing expenses between freight and passenger service.

However, if measured by standards of what could be saved in out-of-pocket costs if passenger-train service were discontinued entirely, rather than arbitrary allocation to passenger-train service of many items of expense which would still continue and which otherwise would have to be borne entirely by freight, I believe Coast Line's over-all passenger-train service at least pays its way.

Putting it a little differently, I feel that Coast Line would lose more in passenger-train revenues than it would save in Operating Expenses by withdrawing passenger service if such were even practicable. I think, therefore, that Coast Line's passenger-train operations contribute some dollars of net earnings to Coast Line's treasury.

One reason for the passenger deficit problem not being more vexatious on Coast Line than it is, arises from the fact that, while meeting resistance from certain of the State regulatory bodies, as well as from our train service employees, Chambers of Commerce and the like, Coast Line early pursued a consistent program of discontinuing passenger-train service when it was proven that such service was unprofitable.

We were particularly fortunate in having discontinued, during the very bad 1932-33 period, a large number of local or short-haul passenger trains—probably more than any other large railroad in the South.

Since that time we have been constantly watching all local passenger-train operations with an eye of suspicion.

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Perhaps there still may be in operation a "surplus" passenger train or two but, generally speaking, Coast Line's passenger-train service is not susceptible to very much further reduction.

On the other hand, I think that the presently increasing passenger travel to and from our territory can be accommodated by existing train service. I do not look for expansion of that service, beyond the addition of cars to the consist of regular trains.

IMPROVEMENT IN FREIGHT REVENUES

The improvement in our track structure is also very beneficial in connection with freight traffic. Maintenance of freight schedules is an important item. Improvement in track structure, the removal of dips, curves, etc., results in an easier "ride" for the lading in freight cars.

Again comparing Coast Line with its principal competitor, the Seaboard, Freight Revenues for first ten months, 1951, compared with first ten months, 1950, were:

	Coast Line	Seaboard
First 10 months, 1951	$104,593,588	$103,128,383
First 10 months, 1950	85,713,482	90,285,614
Increase	18,880,106	12,842,769
Percentage Increase	22.0	14.2

COMPARISONS WITH SEABOARD

Some Analysts are prone to draw comparisons between Coast Line and Seaboard, and perhaps properly so, for although Seaboard does not serve the same territory under exactly the same conditions, it does more nearly approach Coast Line in that respect than any other railroad.

Some Analysts make comparisons between the two railroads without recognizing that the comparison is not entirely one of like with like.

For example, a base period during the late 1920's is frequently used as an index, disregarding new construction and acquisition activities of Seaboard about that time, particularly in Florida.

This new mileage added to the Seaboard system did not begin to produce its traffic potential until several years later.

The advantage to the Seaboard of today as a result of going through receivership also has not always been taken into consideration.

I make this comment without implying the slightest criticism of Seaboard's management or its policy, as Seaboard has very properly been alert to make the best use of opportunities afforded by unusual conditions.

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While testifying before the I.C.C. in May, 1951, in Ex Parte 175, the proceeding involving increased freight rates, I was asked when being cross-examined why there was such a disparity between the Rate of Return on Investment then estimated by Coast Line and Seaboard, respectively, and I made the following answer: (Record, Alldredge-Washington 149-152)

"The Seaboard was in receivership from December, 1930, until August 1, 1946—16-1/2 years. During that period, Seaboard was able to divert to other purposes earnings which had to be used by solvent roads for payment of bond interest, and when earnings on solvent roads were high enough to justify, pay modest dividends.

"That situation was really compounded, since the receivers were allowed tax deductions for interest accrued and not actually paid.

"Consequently, the Seaboard was able, during the years of relatively thin earnings in the 1930's, to make expenditures for improvements to its physical property, while Coast Line and other solvent roads generally were at times pressed to find money to pay bond interest. Therefore, Seaboard was able to commence the rehabilitation of its property some ten years or more earlier than Coast Line and was, I believe, fairly well along with such program when Coast Line began its own rehabilitation program.

"I think it is a fair statement to say that Seaboard emerged from receivership with its physical properties in the best condition in the history of that railroad, though the physical properties of Seaboard have been further improved since, as have been the properties of the Coast Line.

"The birth of the reorganized Seaboard in August, 1946, occurred just following the period of relatively high war earnings, during which the receivers of the bankrupt company were able to accumulate substantial funds which were turned over to the reorganized Seaboard in the form of reserves of various kinds. One such reserve was turned over to the reorganized Seaboard for the purpose of overcoming deferred maintenance.

"According to information in annual reports of Seaboard to stockholders, such deferred maintenance reserve amounted at December 31, 1946, to $8,186,000, of which $4,574,000 had been spent by the reorganized company on its properties through December 31, 1950, leaving at December 31, 1950, a remainder of approximately $3,612,000 in the deferred maintenance reserve.

"Also a special reserve of more than $15,000,000 was turned over to the reorganized Seaboard with, so far as I can determine, very little restrictions upon how such reserve might be used. At the same time there was provided a reserve of

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$10,000,000 for the reorganized Seaboard to pay such claims against the receivers as might be adjudicated valid.

"According to newspaper items, during 1950 it was recognized that that $10,000,000 set aside for claims against the receivers would not be needed for such purpose, and the District Court for the Eastern District of Virginia on November 2, 1950, released that reserve and added the funds to Seaboard's special reserve, making such special reserve at the end of 1950 in excess of $25,000,000.

"According to Seaboard's annual report to stockholders for year 1950, since December 31, 1950 Seaboard has used $12,000,000 from the special reserve toward the purchase for cash of 112 diesel units.

"I further understand that the reorganized Seaboard had the benefit of other reserve funds, but my information concerning Seaboard is not sufficiently definite to comment thereon.

"Thus, the reorganized Seaboard came into possession of a railroad property in improved condition, at the same time as it came into possesison of reserves for deferred maintenance and the special reserve, including $10,000,000 reserved for claims against the receivers, but later added to the special reserve, combined amounting to $33,486,000, of which $4,574,000 had been spent through December 31, 1950, leaving a remainder of some $28,912,000 at the latter date, though that balance has been reduced subsequently by the cash purchase of diesels to which I have referred."

You gentlemen are generally familiar with the figures and the facts I have quoted, but some of you seldom seem to recall them when you make comparisons of Seaboard with Coast Line.

INDUSTRIAL TREND

One important factor in the Seaboard-Coast Line comparative situation is commencing to approach more nearly comparison of like with like, and that is the field of industrial development on and along those railroads.

The early industrial development in Virginia, the Carolinas and Georgia took place in the Piedmont section, and therefore largely on the Southern Railway, the rails of which lie generally west of both Seaboard and Coast Line.

The Seaboard, situated between Southern Railway and Coast Line, was the next road to feel the effect of the industrial development in the southeast; and now that development is moving into the Coastal Plain area served by Coast Line as the easternmost of the three railroads.

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Coast Line has not said much about it in newspapers or elsewhere, but it is practically and statistically a fact that industrial development is now noticeably greater in Coast Line territory than in the remainder of the southeast.

By that, I do not mean that the territory reached by the Southern and Seaboard is not still growing rapidly, but mean only that the territory served by Coast Line is growing industrially at an even more rapid rate.

I look for that situation to continue, at least for some years.

As illustrative of typical large installations recently established along Coast Line's rails, I call attention to a few—the

Dacron fibre plant of du Pont being constructed near Kinston, N. C.;

Textile plant recently established by Woonsocket Falls Mills (E. F. Timme & Son) at Wilmington, N. C.;

Steel boiler fabricating plant of Babcock & Wilcox at Wilmington, N. C.;

Pulp mill of Riegel-Carolina Corporation at Acme, N. C.;

Steam power generating plant of Carolina Power & Light Company at Goldsboro, N. C.;

Chemical plant (with uranium as a by-product) of International Minerals & Chemical Corporation near Achan, Fla.;

Pulp and paper mill of St. Regis Paper Company at East Port, Fla.;

Steam power generating plant of South Carolina Electric & Gas Company at Beech Island, S. C. (near Augusta, Ga.);

Enlarged kraft mill of Hudson Pulp & Paper Company, Palatka, Fla.;

and many others.

The specific plants to which I have referred, and which are representative only, and far from all-inclusive, represent an aggregate investment of more than $150,000,000.

This industrial development is separate and distinct from recent developments to be paid for with Government funds, which developments also stimulate traffic, such as the Savannah River Plant of the Atomic Energy Commission, the Sunny Point Ammunition Export Depot (near Southport, N. C.), the Marine Corps Supply Depot at Albany, Ga., and many others.

In connection with those and other Government installations, we expect considerable traffic to move to and from them for a number of years, and they should be exceedingly good revenue producers.

DIVERSIFICATION OF TRAFFIC

Another quite encouraging factor, and which reflects, of course, the direct influence of the industrial development in Coast Line's

territory, is the fact that Coast Line's freight traffic and its passenger travel are losing many of their former seasonal characteristics, and becoming better balanced throughout the year.

There was a period when Coast Line practically lived in winter months on revenues derived from Florida citrus fruit and vegetable traffic, as well as Florida tourist travel, and had to struggle through the summer months with a limited volume of business.

With the diversification that is now quite evident, this situation is changing or leveling, though for some years Coast Line will probably continue to handle a larger volume, both passenger and freight, in winter than in summer, but in diminishing contrast.

For illustration, in 1930 and in 1940, what may be termed the five winter months produced 64% of our total passenger revenue, while only 36% was produced in what may be termed the seven summer months, but in 1950, 54% of our passenger revenue was produced in the five winter months and 46% during the seven summer months, so that the proportion of summer business rose 10 points from 1930 and 1940 to within four points of 50% in 1950. This was accomplished by vigorous promotion activities on the part of those interested in the Florida resort business, including the Coast Line, which spent substantial sums in promoting this development.

To further illustrate the greater diversification of Coast Line's traffic than formerly, I call attention to the percentages of total Gross Freight Revenue produced by each of the major commodity groups in 1939, in 1950, and in first eight months, 1951:

	1939	1950	First Eight Months, 1951
Products of Agriculture	31.24	13.14	14.87
Animals and Products	2.48	1.62	1.34
Products of Forests	14.08	14.84	14.27
LCL Freight	11.13	5.57	4.79
Products of Mines	13.49	22.13	22.02
Manufactures and Miscellaneous	27.58	42.70	42.71
	100.00	100.00	100.00

Observe especially the figures showing Products of Mines and Manufactures and Miscellaneous.

DEBT REDUCTION

While pursuing over the past decade or more a policy of improving its physical property, Coast Line did not neglect to make such debt reduction as could be effected, though reduction in bonded indebtedness, while substantial in amount, has been offset largely in very recent years by additions to equipment debt.

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The accomplishment in debt reduction from 1939 through 1951, partially estimated as to 1951, was:

	Mortgage Bonds	Collateral Trust Bonds and Notes	Miscellaneous	Equipment Obligations
Outstanding at Jan. 1, 1939	$94,926,000	$47,000,000	$4,579,930	$ 4,639,000
Issued or Assumed 1939-1951	28,256,000	----------	----------	134,013,100
Retired 1939-1951	41,437,000	47,000,000	4,568,830	48,183,290
Outstanding at Dec. 31, 1951	81,745,000	----------	11,100	90,468,810

The addition of equipment debt in recent years has been substantial, but that debt is relatively short-term, with serial maturities paid monthly, quarterly, or annually, and is really self-liquidating, since the diesel power and equipment, and particularly diesels, produce savings or attract revenues sufficient probably to pay off currently the principal installments of the debt incurred for their purchase.

I perhaps do not have an analytical mind, but I have always considered installment maturities on equipment debt in relation to the expected earnings or savings from use of the power and equipment covered thereby, and not merely in relation to depreciation and amortization accruals, though I recognize, of course, that the relation of the latter is important.

However, I think that situation is reasonably healthy since, for example, it is estimated that equipment debt maturities to be met by Coast Line during 1952 will amount to approximately $8,035,000, and that amortization and depreciation accruals chargeable to Operating Expenses during 1952 will amount to approximately $12,815,000.

While on the subject of debt reduction, one's thoughts naturally turn to the maturity on July 1, 1952, of the remainder of Coast Line's First Consolidated Mortgage Bond issue.

Until 1950, that issue was outstanding in the principal amount of $50,724,000, but, through the medium of an exchange offer in 1950, a total of $27,536,000 of new General Mortgage Series A Bonds was exchanged for First Consolidated Mortgage Bonds. Since the close of the exchange offer an additional $800,000 principal amount of First Consolidated Mortgage Bonds has been acquired for the General Mortgage Bond Sinking Fund. There remains $22,388,000 principal amount outstanding to be provided for by July 1, 1952.

We anticipate no difficulty in refinancing the remaining amount, but it will be necessary or desirable to market additional

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bonds to provide funds for continuation of the program of improvements to physical property.

When the time comes, probably in the near future, to market those bonds, we will arrange an inspection trip over portions of the railroad which will, I hope, give many of you the opportunity to see at first hand some of the improvements I have been describing, as well as to observe the industrial potentialities of the territory Coast Line reaches.

NEED FOR INCREASED FREIGHT RATES

Coast Line has unfortunately been forced during 1951 to make substantial curtailment or deferment in its improvement programs due to lack of funds in requisite amounts.

Such lack of funds, in turn, has been due to the fact that, while the volume of freight traffic and passenger travel has continued at what might be regarded as a reasonably satisfactory level, increasing revenues have not kept pace with increasing unit costs of operation, which unit costs are continually being forced upward by wage increases, including cost-of-living adjustments under escalation clauses, increases in prices of Material and Supplies, and increases in Federal Income Tax rate.

Thus, volume of traffic alone is not the answer, as the margin between revenues and expenses is constantly narrowing. Relief can be expected only through the medium of increased freight rates which all Class I railroads, including Coast Line, are presently making a determined effort to have authorized by the Interstate Commerce Commission and by the State Commissions.

Because of this narrowing of margin between revenues and expenses, and consequent dwindling of treasury cash, Coast Line had to sharply retrench in March-April, 1951, when forces were reduced by 1,142 employees, with payroll and other reductions of $739,000 per month, and again in September-October, 1951, when forces were further reduced by an additional 712 employees, with resultant payroll savings, coupled with reduction in purchases of Material and Supplies, aggregating $1,059,000 per month.

The result of those reductions is that, while the improvement and rehabilitation program contemplated at beginning of 1951 for Way and Structures would have involved expenditure of about $46,000,000 (including Capital expenditures as well as charges to Operating Expenses), the amount which Coast Line will actually be able to spend in 1951 will fall some $13,500,000 short of that figure.

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This shortage in what are desirable and proper expenditures on the property does not represent savings, but is a deferment of work which should be accomplished eventually, and perhaps at even higher costs than prevailing now.

MAINTENANCE RATIOS

I am often asked by Analysts when Coast Line's relatively high maintenance ratios may be expected to decline to about the level of Class I railroads as a whole.

Having pointed out the very substantial reductions which we have been forced to make in the improvement and rehabilitation program, I can only say that the end is not yet in sight, though there will, of course, come a time in the not too distant future when the Coast Line property will be in such physical condition as to warrant reduction in maintenance expenditures, with consequent reduction in maintenance ratios.

Although I have been talking to a group of Security Analysts for some minutes now, my last statement contains the first reference to "ratio," which, I understand, is a favorite topic with many Analysts.

I may say that I have not undertaken to any particular extent to deal with earnings figures, nor to discuss ratios, because earnings figures are available to you from published reports. Rather, I have been undertaking to tell you today some things about the physical condition of the Coast Line property and its prospects, which information cannot be derived from published reports alone.

I will, however, touch upon earnings to the extent of saying that we are currently estimating Net Income for year 1951 of about $10,250,000, which, if realized, will represent the equivalent of slightly more than $12.40 per share of common stock. Helping to produce that Net Income is about $1,500,000 increased mail revenue expected to result from the Commission's recent decision, which, however, will become something less than $750,000 after taxes.

TRANSPORTATION RATIO

I will also mention Transportion Ratio, for I have often been asked to explain why Coast Line's Transportation Ratio remains relatively high. That very pertinent inquiry cannot be answered in a word, because there are many factors involved.

I have never been particularly impressed with Transportation Ratio as an index of operating efficiency, because Transportation Ratio on all railroads is so largely dependent upon Gross Revenues.

The influence of Gross Revenues on Transportation Ratio was

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forcefully called to my attention during the days of World War II when Coast Line's Transportation Ratio was the lowest in its history, despite the fact that, by and large, we were operating about as "inefficiently" as at any time in our history, for the reason that we disregarded all other considerations in our effort to keep men and materials of war moving in our contribution to the war effort.

We thought nothing in those days of performing expensive service that we would not consider if there were nothing involved beyond the profit that we might expect therefrom.

The characteristics of Coast Line "geography" explain why it is a relatively high Transportation Ratio road.

One principal reason is the very large percentage of branch line mileage to main line mileage, although it is difficult to draw a dividing line between branch line and main line. On branch line mileage an irreducible minimum of train service is required, since some type of freight and switching service has to be operated on each branch line.

By that, I do not mean to say that we continue to operate unnecessary service on branch lines that are unprofitable and which show no prospect of becoming profitable.

On the contrary, unprofitable branch lines are constantly under scrutiny, and we take steps to abandon those that offer no promise of contributing net earnings to the treasury; and in so determining, we take into account, of course, the traffic which the branch lines feed into the main lines.

Careful and extensive studies have been made, and are continuing, as to all branch lines which might represent a drain upon the remainder of the system.

Abandonments of branch line mileage authorized during the period 1939-1951 through December 15, aggregate a total of 345 miles. Applications to the I.C.C. for authority to abandon two additional branch lines, a total of 58 additional miles, are pending, with a favorable Examiner's proposed report having been issued in each of those cases.

Not withstanding what I have just said, my remarks should not be taken as indicating that Transportation Ratio causes us on the Coast Line no concern, for we are continually striving to reduce it.

Further, some Analysts recently considered that if Coast Line should be able to get its Transportation Ratio down to 40, taking into consideration branch line milage and relatively light over-all traffic density, Coast Line would be doing fairly well.

Coast Line's Transportation Ratio for first ten months, 1951,

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was 37.6, which compares, for example, with 42.9 in calendar year 1948. So we are at work, and are improving.

A factor contributing considerably to the reduction of Transportation Ratio in recent years has, of course, been the operation of diesel power.

As an example of the savings through dieselization, Gross Ton-miles increased on Coast Line, first nine months, 1951, over first nine months, 1950, 18.9%, while freight-train fuel costs in same period decreased 5.1%. So again I say we are at work and are improving.

FLORIDA EAST COAST RAILWAY REORGANIZATION

Another topic of considerable current interest, judging from the number of inquiries we receive, is the proposed merger of the Florida East Coast Railway property with the Coast Line.

For many years almost 100% of the through passenger travel interchanged by Florida East Coast Railway with its connections has been interchanged with Coast Line at Jacksonville, and more than 50% of its freight traffic.

Geographically, the Florida East Coast Railway has been regarded as an extension of Coast Line's rails along the East Coast of Florida to Miami, the only section of the Florida Peninsula not reached by Coast Line rails.

The FEC was placed in equity receivership in 1931 and transferred in 1941 to Section 77 Trusteeship.

While the earlier reorganization proceedings were in progress under Section 77, a majority of the bonds to which it then appeared control of the property might pass was acquired by interests which Coast Line felt might jeopardize its valuable interchange with FEC.

Accordingly, when Coast Line was approached in 1944 by a group of minority bondholders with a proposal for Coast Line to purchase common stock control in a reorganized company for cash, and thereafter to operate the reorganized FEC property under lease, contract or other arrangement, Coast Line was receptive to the proposal, and same was presented with Coast Line's concurrence to the Interstate Commerce Commission by the minority bondholder group.

However, without a hearing or the taking of testimony, the Commission declined to approve such proposal in early 1945, finding same **prima facie** impracticable.

By bringing the Coast Line into the picture, the minority bondholder interests focused attention upon the public interest feature in control of a reorganized company. The issue before the

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Commission prior to that time had been limited to a contest between separate groups of bondholders.

Recognizing that in the matter of control the public interest merits full consideration, the I.C.C. reopened the proceeding and in October, 1945, Coast Line proposed a plan under which the property of the Florida East Coast would be merged into Coast Line.

After extensive hearings, oral argument, filing of briefs, etc., the Commission promulgated in April, 1947, a Report and Order contemplating such a merger but on terms different from those proposed by Coast Line.

In March, 1948, in another Report, the Commission affirmed the merger plan of the April, 1947, Report, and affirmed also its findings, respectively, (1) that it would be compatible with the public interest for Coast Line to control the reorganized property, and (2) that it would not be compatible with the public interest for the then (and now) majority bondholder to control the reorganized property.

The plan thus approved by the Commission in March, 1948, went to the Federal District Court for the Southern District of Florida for consideration, pursuant to provisions of Section 77 of the Bankruptcy Act, and in January, 1949, the District Court disapproved the Commission's plan.

Upon appeal, the Court of Appeals for the Fifth Circuit in January, 1950, sustained the disapproval of the Commission's plan by the District Court, though upon only one of the grounds of the District Court's disapproval, namely, the matter of price to be paid by Coast Line.

The Circuit Court simply held in that respect that the Interstate Commerce Commission may have been so preoccupied with the matter of control that proper consideration was not given by the Commission to a fair and equitable price. The Supreme Court of the United States in April, 1950, denied certiorari, and the proceeding was remanded to the I.C.C. for the formulation of a new plan.

The Coast Line then proposed another merger plan upon somewhat higher terms, and the Commission held hearings in July, 1950, and August, 1950, and heard argument in December, 1950.

The Commission promulgated a Report and Order in July, 1951, again approving a merger plan, though on terms different from those proposed by Coast Line, and, after the 60-day statutory period for filing objections thereto, promulgated in October, 1951, another Report and Order affirming its July, 1951, Report and Order.

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The Plan thus approved and affirmed by the Commission was certified to the District Court in November, 1951, and the District Court has set January 2, 1952, as the latest date for filing objections to the Commission's Plan, and claims for equitable treatment, and has also set for hearing February 4, 1952, such objections and claims as may be filed.

The Plan approved by the Commission, and to be considered by the District Court, provides for a total of $46,500,000 of Coast Line securities to be issued, and Coast Line cash to be paid, which compares with the total proposed by Coast Line in August, 1950, of $42,342,186; equipment obligations of FEC Trustees to be assumed by Coast Line in each instance.

The major issues involved in the Florida East Coast Railway reorganization proceeding since the Coast Line came into the picture have been three, namely:

(1) The power of the Commission to approve a plan providing for the merger of the FEC property into Coast Line over the objections of the creditors of the bankrupt company;
(2) The public interest in control; and
(3) The price to be paid by Coast Line.

As to the first issue, the Circuit Court has held that the Commission has the power to prescribe what is broadly termed "a forced merger."

As to the second issue, the Commission has four times found that control of the reorganized property by Coast Line will be compatible with the public interest and that control of the reorganized company by the majority bondholder will not be compatible with the public interest.

Both the District Court and the Circuit Court held in effect that the determination of the public interest is within the jurisdiction of the Commission and that the Court should not take issue with the determination of the Commission on that point.

There remains for determination by the Court only the third and final issue, and that is the matter of price.

CONCLUSION

Summarizing, I would say that Coast Line is in splendid physical condition, though there yet remains much work to be done; is improving its rail competitive position; and is able to look with encouragement upon the trend of industrial development in its territory; but has a problem in common with all railroads, and that is the preservation of an adequate margin between revenues and expenses.

The solution to that problem is largely in the hands of Federal and State regulatory agencies which prescribe our rates and charges.

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Atlantic Coast Line Railroad Company

71 Broadway, New York, N. Y.

December 26, 1951.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD JANUARY 15, 1952

A Special Meeting of Stockholders of ATLANTIC COAST LINE RAILROAD COMPANY has been d by the Board of Directors to be held at its office in the Richmond Terminal Railway Station, Richmond, ginia, on Tuesday, January 15, 1952, at ten o'clock A. M., Eastern Standard Time, for the following purposes:

To consider and take action with respect to the recommendation of the Board of Directors that the stockholders authorize the acceptance of the Plan of Reorganization of Florida East Coast Railway Company, approved by the Interstate Commerce Commission in its Reports and Orders, dated July 12, 1951, and October 25, 1951, in the pending Florida East Coast Railway Company reorganization proceeding, and assent to the acquisition of the properties of Florida East Coast Railway Company by Atlantic Coast Line Railroad Company as provided in said Plan; and that the Board of Directors be authorized to consummate such Plan when confirmed by the Court and to issue such securities, make such cash payment and take such other action as may be required, all as described in the attached Proxy Statement.

To transact such other business as may properly come before the meeting or any adjournment thereof. No items of such other business are known to the Management at the date hereof.

Only stockholders of record on the Company's books at three o'clock P. M., Eastern Standard Time, nday, December 31, 1951, will be entitled to vote at said meeting and any adjournment thereof.

If you are unable to attend in person and in order that you may be represented, please sign and date accompanying proxy and mail it in the enclosed envelope. Postage is not required if mailed in the ited States.

F. D. LEMMON,
Secretary.

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PROXY STATEMENT

SOLICITATION

By order of the Board of Directors, solicitation is hereby made by the Management of ATLANTIC COAST LINE RAILROAD COMPANY (sometimes hereinafter referred to as "Coast Line" or "Company") of proxies to be used at a special meeting of stockholders to be held on January 15, 1952, and this proxy statement is furnished in connection therewith. The cost of this solicitation is being paid by the Company. Messrs. Georgeson & Co., New York, N. Y., will make additional solicitation of proxies, assisted by approximately 50 persons, at an estimated aggregate cost of $5,500 which also will be paid by Atlantic Coast Line Railroad Company.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The only outstanding voting securities of the Company are 824,981 shares of Capital Stock, consisting of 823,427 shares of Common Stock and 1,554 shares of Preferred Stock. Each share is entitled to one vote.

At December 1, 1951, The Atlantic Coast Line Company held of record and beneficially owned 235,420 shares, or 28.54 per cent., of the Capital Stock of Atlantic Coast Line Railroad Company and beneficially owned Bonds of Atlantic Coast Line Railroad Company to the amount of $3,165,000.

Each stockholder of record at three o'clock P. M., Eastern Standard Time, December 31, 1951, will be entitled to vote. There are no preemptive rights to purchase new or additional shares of stock.

Every proxy is revocable at any time prior to the exercise of the power conferred thereby.

INTEREST OF CERTAIN PERSONS IN PROPOSITION TO BE VOTED ON

Safe Deposit and Trust Company of Baltimore, an associate of Thos. B. Butler and Alexander E. Duncan, who are Directors of Atlantic Coast Line Railroad Company, held of record at December 1, 1951, as trustee, executor, agent, etc., of various wills, trusts and agreements, $336,000 Florida East Coast Railway Company First Mortgage 4½% Bonds, due 1959, and $4,000 of said Company's First and Refunding Mortgage 5% Bonds, due 1974.

ACQUISITION OF PROPERTIES OF FLORIDA EAST COAST RAILWAY COMPANY UNDER THE PLAN OF REORGANIZATION OF THAT COMPANY

The Trustees of Florida East Coast Railway Company operate about 571 miles of main track of railroad wholly within the State of Florida. The principal line lies along the East coast of Florida from Jacksonville to Miami, and important branch lines from Fort Pierce to Lake Harbor and from Miami to Florida City serve productive vegetable growing territory.

The Florida East Coast Railway connects with the Coast Line at Jacksonville and at Benson Junction and Lake Harbor, which are approximately 141 miles and approximately 295 miles, respectively, (via FEC) South of Jacksonville. The line of the Florida East Coast Railway is logically an extension of the Coast Line from Jacksonville into the East coast section of Florida, which the Coast Line does not now directly serve. A map showing the lines of railroad of both Companies is attached hereto as Exhibit 1.

The principal point of interchange of traffic with the Coast Line is at Jacksonville. More than 50 per cent. of the Florida East Coast Railway freight interchange, and almost 100 per cent. of its passenger interchange, at Jacksonville, is with the Atlantic Coast Line Railroad. The Northbound movement of fruits and vegetables from the East coast of Florida and the movement of tourist travel in both directions are of particular importance to the revenues of the Atlantic Coast Line Railroad Company. Continuously since construction of the lines of the Florida East Coast Railway, the relations between its management and that of the Coast Line and its predecessors have been very close.

The Florida East Coast Railway Company has been insolvent since 1931, being in equity receivership from 1931 to 1941, and in bankruptcy proceedings under Section 77 of the Bankruptcy Act since 1941. The owners of the stock of Florida East Coast Railway Company have taken no part in the reorganization proceeding and the stock has been found by the Interstate Commerce Commission to be without value.

fearing that a change of ownership resulting from the reorganization might cause a disruption of the long-
ding close relations between the two railroads and a curtailment of the important and valuable interchange of
ight and passenger traffic, and believing that it would be advantageous to the Coast Line, as well as in the public
erest, to have a unification of the two properties on fair and equitable terms, the Company intervened in the
ganization proceeding and proposed a plan of Reorganization under which there would be an acquisition of the
operties of Florida East Coast Railway Company by this Company, as reported in the Proxy Statement for the
ockholders' meeting of April 16, 1946.

By its Report and Order dated April 8, 1947, the Interstate Commerce Commission approved such a plan on
ms differing somewhat from those which the Company had made in its proposal. After consideration of petitions
r modifications of the plan approved on April 8, 1947 and hearing further argument, the Commission on March
, 1948 issued its Report and Order affirming the plan approved in its said Report and Order dated April 8, 1947.

On May 14, 1948 a special meeting of stockholders of Atlantic Coast Line Railroad Company was held, at
ich the stockholders authorized the acceptance of the plan approved by the Commission in its Reports and Orders
ted April 8, 1947 and March 25, 1948; effected certain amendments of the Charter of the Company; and
thorized the Board of Directors to consummate the plan approved by the Commission if the same were approved
the Court.

Following the certification of said Plan to the United States District Court for the Southern District of
rida and the consideration of objections thereto, on January 22, 1949 Circuit Judge Sibley, holding said District
urt pursuant to designation under the Judicial Code, handed down an opinion and order disapproving the
mmission's plan.

Appeals were duly taken from the order of disapproval to the United States Court of Appeals for the Fifth
rcuit by the Atlantic Coast Line Railroad Company and the Deposit Committee for the First and Refunding
% Bonds of the Florida East Coast Railway Company. On January 17, 1950 the three Circuit Judges who
d heard the arguments on the appeals handed down opinions as a result of which an order was entered affirming
dge Sibley's order of disapproval. A petition for certiorari was denied and the result under subsection (e) of
ction 77 of the Bankruptcy Act was to require the Commission to "proceed to a reconsideration of the proceedings
der the provisions of subsection (d)" of Section 77.

One of the Judges of the Court of Appeals dissented, and the opinions of the other two Judges indicate that
e ground on which they agreed in voting to affirm Judge Sibley's order was that they were not satisfied that
e cash and new securities to be turned over by the Atlantic Coast Line Railroad Company as a consideration for
e properties of the Florida East Coast Railway Company were adequate. Chief Judge Hutcheson said:

> "In remanding the case, however, for further proceedings, we remand it for the purpose of working out a really fair and equitable plan and without prejudice in doing so to the due consideration of any fair and equitable plan for bringing this matter to an end, including such a plan providing for a merger with, or sale to, the Coast Line either with or without the approval of the security holders."

Further hearings followed before the Interstate Commerce Commission on July 11-14 and August 8-17, 1950
d there was a further argument before the Commission on December 14-15, 1950.

Under date of July 12, 1951 the Commission issued its Report and Order approving a Plan of Reorganization
der which there would be an acquisition of all or substantially all of the properties of the Florida East Coast Railway
mpany by the Company on terms differing from those previously approved by the Commission. After consideration
petitions for modifications of said Plan, on October 25, 1951 the Commission issued a further Report and Order
difying said Plan in minor respects and approving said Plan as thus modified.

The action which it is proposed that the stockholders take at the special meeting to be held on January 15, 1952
ates to the Plan approved by the Commission by its Reports and Orders dated July 12, 1951 and October 25, 1951.
id Plan has been certified by the Commission to the United States District Court for the Southern District of
rida and a hearing thereon is scheduled to be heard in said Court on February 4, 1952.

The annual report of Atlantic Coast Line Railroad Company to the stockholders for each of the years 1944 to
50, inclusive, has contained reference to the participation of the Company in the proceeding for reorganization of
e Florida East Coast Railway Company.

Under the Plan approved by the Commission Atlantic Coast Line Railroad Company would acquire, as of the effective date of the Plan, the properties of the Florida East Coast Railway Company (except any portions of the Peninsular & Occidental Steamship Company tract and the Hialeah tract which may be excluded pursuant to Section II of the Plan and the related provisions of the Commission's Reports of July 12, 1951 and October 25, 1951), including certain current assets and subject to certain reserves, all as described in said Reports and Orders dated July 12, 1951 and October 25, 1951, on payment therefor in cash and securities of the Atlantic Coast Line Railroad Company as follows:

	Amount
Cash	$ 4,000,000
Atlantic Coast Line Railroad Company divisional first-mortgage fixed interest 3¼ percent 25-year bonds	14,000,000
Atlantic Coast Line Railroad Company general income divisional-mortgage 4¼ percent 75-year bonds	13,500,000
Atlantic Coast Line Railroad Company participating cumulative convertible $100 par-value 4 percent dividend preferred stock	9,000,000
Atlantic Coast Line Railroad Company no-par common stock (stated at $100 per share)	6,000,000
Total	$46,500,000

The previous plan approved by the Commission in its Reports and Orders dated April 8, 1947 and March 25, 1948, submitted to and approved by the stockholders on May 14, 1948, stated the amount of cash and securities to be paid by Atlantic Coast Line Railroad Company for the properties of the Florida East Coast Railway Company at the principal amount of $40,500,000.

Attached hereto as Appendix A is a copy of so much of the Commission's Order of July 12, 1951 as contains the Sections of the Plan approved by the Commission in said Order, amended so as to give effect to the modifications thereof contained in the Commission's Order of October 25, 1951. Said Order dated July 12, 1951, as modified by said Order dated October 25, 1951, contains the Plan as approved by the Commission except that said Reports dated July 12, 1951 and October 25, 1951 are incorporated in said Orders by reference. Copies of the complete Reports and Orders of July 12, 1951 and October 25, 1951 may be examined in either of the Company's offices at Wilmington, North Carolina, or 71 Broadway, New York, N. Y., and are on file with the Securities and Exchange Commission, 425 Second Street, N.W., Washington, D. C.

Appendix A contains descriptions of the Atlantic Coast Line Railroad Company's securities which would be issued under the Plan in Sections IX, IX(A), X, XI, XI(A) and XII thereof.

In view of the jurisdiction which the Interstate Commerce Commission has under Sections 5 and 20a of the Interstate Commerce Act over the terms of any acquisition by Atlantic Coast Line Railroad Company of the properties of Florida East Coast Railway Company and over the issue of any securities for that purpose, the approval of the Plan by the Interstate Commerce Commission is equivalent to a finding that the Plan is just and reasonable to the Coast Line and consistent with the public interest. In the Commission's Report dated October 25, 1951 the Commission said, in effect, that in order to approve such a Plan it "would have to find that its terms and conditions were just and reasonable and that the merger would be consistent with the public interest".

The Board of Directors of Atlantic Coast Line Railroad Company considers the Plan to be in the best interests of the stockholders of the Company and, therefore, unanimously makes the recommendation set forth in the Notice of Special Meeting.

A majority vote of the capital stock present or represented at the meeting by proxy and voting thereat is necessary for approval. Stockholder action is sought now because, under Section 5 (11) of the Interstate Commerce Act, acquisition of the Florida East Coast properties can take place only

> "with the assent, in the case of a purchase and sale, a lease, a corporate consolidation, or a corporate merger, of a majority, unless a different vote is required under applicable State law, in which case the number so required shall assent, of the votes of the holders of the shares entitled to vote of the capital stock of such corporation at a regular meeting of such stockholders, the notice of such meeting to include such purpose, or at a special meeting thereof called for such purpose * * *."

the extent of income available for interest on funded debt after deducting from income deductions from income, fixed charges, and income after fixed charges, inclusive, interest on defaulted interest on the First and Refunding Mortgage Bonds of Florida East Coast Railway Company. The tabulation also shows service charges on divisional bonds and preferred stock to be issued under the Plan of Reorganization of Florida East Coast Railway Company, as approved by the Interstate Commerce Commission in its Reports and Orders dated July 12, 1951 and October 25, 1951.

SUMMARY OF INCOME

(Stated in thousands of dollars)

ATLANTIC COAST LINE RAILROAD COMPANY

Year	Railway Operating Revenues	Railway Operating Expenses	Railway Operating Income	Net Railway Operating Income	Total Income	Miscellaneous Deductions From Income	Income Available for Fixed Charges	Fixed Charges	Income After Fixed Charges	Income Balance
1941	$ 67,404	$ 46,859	$ 12,894	$ 11,080	$ 18,461	$ 908	$ 17,553	$ 6,415	$ 11,138	$ 11,098
1942	115,108	62,947	24,261	21,195	29,565	380	29,185	6,561	22,624	22,586
1943	153,601	81,782	20,568	15,704	23,786	399	23,387	5,901	17,486	17,447
1944	155,946	93,834	18,112	13,672	22,010	402	21,608	5,502	16,106	16,069
1945	138,696	123,207	9,089	5,447	10,485	292	10,193	4,656	5,537	5,528
1946	126,105	113,728	7,977	5,016	9,641	139	9,502	4,022	5,480	5,445
1947	128,429	112,461	5,518	3,049	10,197	138	10,059	4,051	6,008	5,958
1948	136,336	118,287	7,749	5,126	11,825	149	11,676	3,987	7,689	7,638
1949	122,992	104,217	7,775	6,753	12,187	167	12,020	4,273	7,747	7,697
1950	133,658	107,040	10,917	9,816	17,674	152	17,522	4,742	12,780	11,191

TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

(Figures from Annual Reports adjusted as indicated above)

Year	Railway Operating Revenues	Railway Operating Expenses	Railway Operating Income	Net Railway Operating Income	Total Income	Deductions From Income	Amount Available for Interest on Funded Debt
1941	$ 11,499	$ 8,653	$ 2,127	$ 1,580	$ 1,652	$ 119	$ 1,533
1942	20,838	11,481	8,371	7,873	8,000	86	7,914
1943	32,559	16,604	11,460	10,173	10,340	95	10,245
1944	31,730	19,055	7,007	5,951	6,146	390	5,756
1945	29,571	20,574	5,398	4,401	4,606	431	4,175
1946	26,543	20,721	5,486	4,291	4,550	226	4,324
1947	27,054	23,683	2,819	1,544	1,723	93	1,630
1948	28,653	23,897	3,011	1,855	2,055	86	1,969
1949	25,902	21,803	959	204(d)	55	106	51(d)
1950	26,890	22,364	2,725	1,403	1,743	276	1,467

(d) deficit

Annual amounts required to service the divisional bonds and preferred stock to be issued by Atlantic Coast Line Railroad Company for the properties of the Florida East Coast Railway Company are as follows:

Interest on first mortgage 3¼ percent bonds	$ 525,000.00
Sinking fund on bonds above	70,000.00
Interest on income mortgage 4½ percent bonds	573,750.00
Sinking fund on income bonds above	67,500.00
Dividend on preferred stock—$4.00 per share (participates with common stock in dividend over $4.00 per share on common stock)	360,000.00
Total	$1,596,250.00

Equipment obligations—Interest varies from year to year; charge in 1950 was $125,740.33.

FINANCIAL STATEMENTS

There are attached hereto as Exhibits 2 and 3, respectively, copy of Income Account and General Balance Sheet as of December 31, 1950, compared with December 31, 1949, and for the ten months ended October 31, 1951 and 1950, and as Exhibit 4, copy of Statement of Profit and Loss for the years ended December 31, 1949 and 1950, and for the ten months ended October 31, 1951, of the Atlantic Coast Line Railroad Company. There are also attached as Exhibits 5 (as abbreviated and adjusted) and 6, respectively, copy of Income Account and General Balance Sheet as of December 31, 1950, compared with December 31, 1949, and for the ten months ended October 31, 1951 and 1950, and as Exhibit 7, copy of Statement of Profit and Loss for the years ended December 31, 1949 and 1950, and for the ten months ended October 31, 1951, of the Trustees of Florida East Coast Railway Company. Further financial statements of the Company are available at the offices of the Securities and Exchange Commission and New York Stock Exchange and reference may be made thereto.

It is believed by the Company that these statements are adequate for the exercise of prudent judgment on the part of the stockholders as to the said proposal.

MARKET PRICES

The high and low sale prices on the New York Stock Exchange for Atlantic Coast Line Railroad Company Common Stock and Florida East Coast Railway Company Bonds for each quarterly period beginning October 1, 1949, and ending September 30, 1951, and for the period October 1-December 1, 1951, are as follows:

	Atlantic Coast Line Railroad Company Common Stock		Florida East Coast Railway Company			
			First Mortgage 4½% Bonds		First & Refunding Mortgage Series A 5% Bonds	
Quarter Ended	High	Low	High	Low	High	Low
Dec. 31, 1949	44¼	36	103⅜	102½	61¼	51
Mar. 31, 1950	48½	41	103	101½	69⅜	59
June 30, 1950	48¾	42	103	102½	71	64
Sept. 30, 1950	59¼	43	103	102½	77½	65¼
Dec. 31, 1950	70½	53⅜	104	102½	82½	76½
Mar. 31, 1951	82	68	102½	102½	82	76½
June 30, 1951	77	61¾	102½	100	80	72
Sept. 30, 1951	73¾	62½	100¾	100¼	75½	70¾
Oct. 1-Dec. 1, 1951	78½	70¾	100⅜	100⅜	78	71

There exists no default with respect to the principal of or interest on any securities or arrears of dividends on stock of Atlantic Coast Line Railroad Company.

The Plan under the Reports and Orders of July 12, 1951 and October 25, 1951, of the Interstate Commerce Commission contains provision for the payment of the First Mortgage 4½% Bonds of Florida East Coast Railway Company, on which there is no existing default. The First and Refunding Mortgage 5% Bonds of Florida East Coast Railway Company are in default as to interest maturing March 1, 1935, and since, and the aggregate amount of interest so in default at December 1, 1951, is $38,250,000, exclusive of interest on past due interest.

OTHER MATTERS

So far as is known at the date hereof, no matters other than that hereinabove set forth will come before the special meeting of the stockholders.

If matters other than that for which authority is herein sought should arise at the meeting, it is intended that said proxies will be voted in accordance with the judgment of the person or persons voting the proxies.

Each stockholder, regardless of the number of shares owned, is urged to be represented at the meeting. Therefore, if you are unable to be present, please fill in and sign the enclosed proxy and return it in the enclosed envelope.

F. D. LEMMON,
Secretary.

PLAN OF REORGANIZATION
OF
FLORIDA EAST COAST RAILWAY COMPANY

As contained in Order of the INTERSTATE COMMERCE COMMISSION, dated July 12, 1951, giving effect to modifications under the Commission's Order, dated October 25, 1951.

I. CONSUMMATION DATE OF THE PLAN

The plan shall be consummated on a date (herein called the "consummation date") to be fixed by the court and to be as soon as practicable after the confirmation of the plan. The rights of the creditors as to cash distributable to them shall be determined as of the consummation date.

II. TRANSFER OF THE DEBTOR'S PROPERTIES TO ATLANTIC COAST LINE RAILROAD COMPANY

On the consummation date all the business, assets, franchises, and property of every kind and character, real, personal, and mixed, constituting the estate of the debtor, and all right, title, and interest of the trustees of the debtor's estate therein, shall be vested in the Atlantic Coast Line Railroad Company by merger of the debtor into, or consolidation of the debtor with, the Atlantic Coast Line Railroad Company, or, if the court shall approve, by transfer and conveyance by the said trustees of the property of the debtor to the Atlantic Coast Line Railroad Company, subject, however, and in diminution of the foregoing property, to the sale by the reorganization managers, with the approval of the court, of such portions, if any, of the Peninsular & Occidental Steamship Company tract and the Hialeah tract as they shall determine, with the approval of the court, are not necessary for the operation of the railroad and can be advantageously disposed of. In the event of such sale, the proceeds thereof shall be distributed to the first and refunding bondholders.

III PROTECTION OF THE INTERESTS OF EMPLOYEES

The authorization hereafter to be granted upon confirmation of the plan for the acquisition by the Atlantic Coast Line Railroad Company of the properties of the debtor shall be upon condition that during the period of 4 years from the date the properties of the debtor become vested in the Atlantic Coast Line Railroad Company such transaction will not result in employees of the carrier or carriers by railroad affected by such acquisition being in a worse position with respect to their employment, except that the protection afforded to any employee pursuant to such condition shall not be required to continue for a longer period, following the date of such acquisition, than the period during which such employee was in the employ of such carrier or carriers prior to the date of such acquisition, provided, however, that nothing in such condition shall bar the Atlantic Coast Line Railroad Company and authorized representatives of employees of the carriers from entering into agreements for the protection of the interests of the employees.

IV. MAINTENANCE OF EXISTING JOINT THROUGH ROUTES

All existing through routes via Jacksonville, Florida, to and from points now served by the debtor in connection with Seaboard Air Line Railroad Company and Southern Railway System shall be kept open.

V. DISCHARGE OF CLAIMS

On the consummation date of the plan the debtor shall be discharged from all obligations other than claims to be paid or to be assumed as hereinafter in this plan provided; and, except as may be necessary to give effect to any orders of the court hereinafter referred to in Section IX(A) or any similar orders, all mortgage bonds, notes, certificates and shares of stock, and other claims against the debtor or its property, other than as aforesaid, shall, on and after the consummation date, become void and unenforceable against the debtor or the Atlantic Coast Line Railroad Company or the property of either of them

VI. CASH RESERVES

Upon the consummation of the plan, an amount of cash, to be determined as hereinafter provided in this paragraph, shall be set aside from the debtor's estate as a reserve to be expended for improvements and betterments to the property now owned by the debtor. The cash so set aside shall be taken over and held as a separate fund by the Atlantic Coast Line Railroad Company, to be segregated from its other funds and to be expended upon order of its Board of Directors exclusively for improvements and betterments to the property now owned by the debtor. The amount of such reserve for improvements and betterments shall be $3,000,000, of which $2,500,000 will be for construction of, or a contribution toward the construction of, a new passenger station at Miami, Florida, and the remaining $500,000 will be for other passenger and freight stations and facilities without specific designation as to the location of the stations for which it shall be used, less as to each of such reserves of $2,500,000 and $500,000, respectively, the net amount of extraordinary expenditures, including expenditures charged to operating expenses, to the extent provided for in the reserve, made by the trustees of the debtor between January 1, 1950 and the computation date in respect of (1) a new passenger station at Miami and (2) other passenger or freight stations and facilities, said net amounts to be the gross amounts less any cash realizations in respect of salvage and the cash value of salvage not disposed of.

Upon the consummation of the plan the sum of $800,000, less the amount of any payments from the debtor's estate for reorganization expenses prior to the date of consummation, shall be set aside for reorganization expenses. The amount so set aside shall, as the court may direct, either be retained in the estate and disposed of pursuant to the orders of the court or taken over and held as a separate fund by the Atlantic Coast Line Railroad Company, to be segregated from its other funds and to be expended, to the extent of the amount thereof, for reorganization expenses allowed by the orders of the court. If the reorganization expenses allowed by the court shall exceed $800,000, the excess shall be paid by the Atlantic Coast Line Railroad Company. If the reorganization expenses shall be less than $800,000, the remainder shall be paid to the first and refunding mortgage bondholders.

VII. CASH DISTRIBUTION

The debtor's cash assets shall be determined by deducting from the total current assets of the debtor computed as of the consummation date, including current asset accounts 708 to 719, inclusive, and account 704, the total of current liability accounts 758 to 768, inclusive. In making the computation account 767 shall be adjusted, if necessary, so that it will reflect the total tax liabilities without deduction of probable recovery under claims against the Government for taxes previously paid or income tax carry-backs; amounts so recovered for the period to date of consummation shall be distributed to the first and refunding bondholders. The balance obtained through the computation should be further adjusted by giving effect to any cash items in accounts 722, 727, 770, and 778 or other accounts. To the adjusted net current assets so determined shall be added (1) the cash payable by the Atlantic Coast Line Railroad Company under the plan, including any cash so payable to satisfy court-imposed liens for future improvements as herein specified, (2) any part of the $800,000 allowance for reorganization expenses not required for that purpose, and (3) any amounts representing refunds of income taxes and income tax carry-backs for period to date of computation, and from the resulting amount shall be deducted the $3,000,000 reserve for stations and facilities, $2,600,000 reserve for materials and supplies, and $1,000,000 allowance for working capital (a total of reserves and allowances of $6,600,000) adjusted as provided in section VI hereof. Out of the balance remaining the following payments in the order shown shall be made:

(a) Of matured and unpaid obligations of the trustees, including all expenses of reorganization including the reserve of $800,000 for reorganization expenses, and unpaid expenses for the prior receivership proceeding approved by the court.

(b) Of claims entitled to priority over the debtor's mortgage bonds and not assumed by the reorganized company pursuant to the plan.

(c) Of principal of $8,189,000 and accrued and unpaid interest to date of payment of the debtor's first mortgage 4½ percent bonds.

(d) Of the $3,811,000 of first-mortgage 4½ percent bonds which the debtor's trustees purchased under authority of court order in document 507 and upon which the court imposed an express trust for the *pro rata* benefit of the holders of the first and refunding bonds.

(e) Of any liens which the court may determine continue to exist, in the light of our determinations herein, arising out of court orders contained in documents 588, 595, 662, 703, 705, 707, 765, and 791, including any other similar liens established by the court prior to the Commission's hearings on July 11 to 14, 1950, *provided* that such liens shall not be paid out of such cash in an amount exceeding the amount by which the total cash paid by the Atlantic Coast Line Railroad Company exceeds the $3,811,000 required to pay the 4½-percent first-mortgage bonds held in trust for the benefit of the holders of the first and refunding bonds.

(f) Of amounts required to effectuate cash settlements of certain unsecured claims as provided herein.

(g) To the Atlantic Coast Line Railroad Company of the amount of the foregoing payments not made by the trustees of $1,000,000 for working capital as described above and the sum of $3,000,000 as a reserve for stations and freight facilities as described above.

(h) Of the remainder *pro rata* to the holders of each maturity of matured and unpaid interest coupons of debtor's first and refunding bonds, beginning with the earliest maturity, with provision for payment later of any tax refunds received for the period prior to consummation.

VIII. UNDISTURBED SECURITIES

The Atlantic Coast Line Railroad Company shall assume all outstanding equipment obligations of the debtor and of the debtor's trustees. The interests of the holders of claims evidenced by all such equipment obligations will not be materially and adversely affected by the plan.

IX. CASH PAYABLE, AND NEW SECURITIES ISSUABLE, BY THE ATLANTIC COAST LINE RAILROAD COMPANY

If the properties of the debtor be transferred to the Atlantic Coast Line Railroad Company, pursuant to Section II hereof, free of the liens provided for in the court's orders contained in Documents Nos. 588, 595, 662, 703, 705, 707, 765, 791, and any other liens established by the court prior to the Commission's hearings on July 11 to 14, 1950, and free of any other liens of the debtor's first and refunding mortgage and first mortgage, or of the holders of the bonds issued under either such mortgage, (exclusive of any liens established by the court for cash belonging to the creditors of the debtor for purchase of equipment not authorized prior to the Commission's hearings on July 11 to 14, 1950, and for improvements authorized for years subsequent to 1950 which the Atlantic Coast Line Railroad Company shall pay in such amounts as may be finally determined by the court), then in addition to the assumption by the Atlantic Coast Line Railroad Company of the equipment obligations referred to in Section VIII, as a consideration for such transfer to the Atlantic Coast Line Railroad Company of the debtor's properties the Atlantic Coast Line Railroad Company shall pay over cash, and issue and turn over securities, for distribution pursuant to the plan, as follows:

	Amount
Cash	$ 4,000,000
Atlantic Coast Line Railroad Company Divisional first-mortgage fixed interest 3¼ percent 25-year bonds	14,000,000
Atlantic Coast Line Railroad Company general income divisional-mortgage 4¼ percent 75-year bonds	13,500,000
Atlantic Coast Line Railroad Company participating cumulative convertible $100 par-value 4 percent dividend preferred stock	9,000,000
Atlantic Coast Line Railroad Company no-par common stock (stated at $100 per share)	6,000,000
Total	$46,500,000

An additional 22,500 shares of common stock shall be reserved to implement the provision of the plan that conversion of preferred stock into common stock on the basis of 1 share of preferred stock for 1¼ shares of common stock during a period from any election of the Atlantic Coast Line Railroad Company to redeem the preferred stock and the date when the redemption would become effective.

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Any of said Atlantic Coast Line Railroad Company securities may be dated on or as of any date subsequent to the consummation date, which the court may approve, provided that the recipient of the security shall be entitled to receive the same amount or amounts of cash and the same rights in respect of accruals and accumulations of interest or dividends as if such security had been dated as of the consummation date.

IX(A). ALLOWANCE FOR ANY LIENS OF THE DEBTOR'S FIRST AND REFUNDING MORTGAGE, OR OF THE HOLDERS OF THE BONDS ISSUED UNDER SUCH MORTGAGE, WHICH MAY NOT BE DISCHARGED UNDER THE PLAN

If the properties of the debtor be transferred to the Atlantic Coast Line Railroad Company, pursuant to Section II hereof, subject to any lien or liens pursuant to any of the court's orders contained in documents Nos. 588, 595, 662, 703, 705, 707, 765 and 791, and any other liens established by the court prior to the Commission's hearings on July 11 to 14, 1950, inclusive, or subject to any other lien or liens of the debtor's first and refunding mortgage or of the holders of the bonds issued under such mortgage (exclusive of any liens established by the court for cash belonging to the creditors of the debtor for purchase of equipment not authorized prior to the Commission's hearings on July 11 to 14, 1950, and for improvements authorized for years subsequent to 1950 which the Atlantic Coast Line Railroad Company shall pay in such amounts as may be finally determined by the court), an amount of the cash to be turned over by the Atlantic Coast Line Railroad Company as provided in Section IX not exceeding the amount of cash distributable under the plan to the holders of the debtor's first and refunding mortgage bonds (exclusive of the $3,811,000 distributable to them in respect of the purchased first mortgage bonds) shall be applied towards the discharge of such lien or liens. The cash payable by the Atlantic Coast Line Railroad Company shall in no event be reduced by court-imposed liens to less than $3,811,000.

If, after such application of such cash, any such lien or liens shall not have been fully discharged, the remaining amount of such lien or liens shall not be disturbed, and the amount of the Atlantic Coast Line Railroad Company divisional first-mortgage 3¼ percent 25-year bonds to be turned over by Atlantic Coast Line Railroad Company for distribution pursuant to this plan, as provided in section IX, shall be reduced by the remaining amount of such lien or liens (subject to any adjustment the court may determine to be proper with respect to interest accruals). The Atlantic Coast Line Railroad Company may nevertheless issue, and shall be entitled to have the trustee of the divisional first mortgage authenticate, divisional first-mortgage bonds in the full amount specified in section IX, and may retain any of such bonds not turned over for distribution pursuant to this plan. The Atlantic Coast Line Railroad Company may dispose of such retained bonds, at such time or times and in such manner as it may see fit, provided that the proceeds of any sale or other disposition thereof shall be applied to the discharge of such lien or liens, or to reimburse the treasury of the Atlantic Coast Line Railroad Company for payments made by it, in addition to the cash payment provided for in section IX, to discharge such lien or liens.

The Atlantic Coast Line Railroad Company shall pay (in addition to the cash payment provided in section IX) any liens established by the court for cash belonging to the creditors of the debtor for purchase of equipment not authorized prior to the Commission's hearings on July 11 to 14, 1950, and for other improvements authorized for years subsequent to 1950.

X. DIVISIONAL FIRST MORTGAGE BONDS

The Divisional First Mortgage Bonds shall be direct obligations, unconditional as to both principal and interest, of the Atlantic Coast Line Railroad Company. They shall bear fixed interest at the rate of 3¼% per annum, payable on July 1 and January 1, and shall mature 25 years from the date of issue. The total authorized issue shall be limited to $14,000,000 principal amount.

The Divisional First Mortgage Bonds and the obligations thereunder with respect to both principal and interest shall be secured by a direct first lien on all the debtor's property, including equipment and interests therein, except its cash, accounts receivable, and such other current assets as are not customarily subject to the liens of railroad mortgages, and its assets not necessary for the operation of the railroad and as may be specified in the Mortgage, such first lien to be subject only to any liens on equipment, to any liens referred to in Section IX(A) hereof and to any prior charges referred to in Section XV hereof. The First Mortgage shall also have a first lien on all

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property acquired in replacement of any property originally mortgaged, and, in such manner and with such exceptions as may be provided in the Mortgage with the approval of the Court and this Commission, on all other such property which may be appurtenant to the lines of railroad originally mortgaged.

The new Divisional First Mortgage Bonds shall be redeemable in whole or in part at any time on 30 days' notice at their principal amount and accrued interest plus a premium of 2 percent if redeemed prior to the expiration of a period of 9 years from the date of issue, such premium decreasing by one-eighth of 1 percent on the first day following the end of such 9 year period and an additional one-eighth of 1 percent on the first day of each succeeding year so that there will be no premium on redemption in the last year prior to maturity, except that the Bonds will be redeemable for the sinking fund at their principal amount plus accrued interest. Any redemption of less than all of the Bonds shall be by lot. The Divisional First Mortgage shall provide for a non-cumulative sinking fund for the Bonds, the annual payments to be equal to one-half of 1 percent of the largest principal amount of Bonds at any time previously authenticated and delivered. Sinking fund payments shall be applied to the retirement of Divisional First Mortgage Bonds by purchase in open market (at a cost to the sinking fund not exceeding their redemption price) or by redemption, except that not more than $25,000 may be permitted to accumulate in the sinking fund at any time when it is impossible to purchase Divisional First Mortgage Bonds at their redemption price or less.

The First Mortgage shall provide, within conditions and limits to be therein prescribed, for the modification and alteration thereof and of any or all supplements thereto and of the rights and obligations of the Atlantic Coast Line Railroad Company and of the holders of the Bonds issued thereunder, at any time, by the concurrent action of the Atlantic Coast Line Railroad Company and of the holders of not less than 66⅔ percent of the aggregate principal amount of Bonds then outstanding affected by such change or modification; provided, however, that no such change or modification shall (a) alter or impair the obligation of the Atlantic Coast Line Railroad Company with respect to payment of the principal of or interest on any First Mortgage Bonds at the time and place and at the rate and in the currency provided therein, or (b) permit the creation by the Atlantic Coast Line Railroad Company of any mortgage or lien in the nature of a mortgage ranking prior to, or on a parity with, the lien of the First Mortgage, except as in the First Mortgage otherwise expressly provided or (c) modify, without this Commission's approval, the provisions of any sinking fund for debt retirement provided for in this plan. Provision shall be made whereby bondholders may vote at such meeting by proxy. Notwithstanding the limitation of clause (a) of this paragraph, the Divisional First Mortgage shall contain a provision in such form and substance as may be determined by the Reorganization Managers with the approval of the Court, that the Mortgage may at any time, with the approval of this Commission or such other regulatory body as may at the time have jurisdiction in the premises, be modified by the concurrent action of the Atlantic Coast Line Railroad Company and of the holders of not less than 75 percent in principal amount of all Bonds of the mortgage outstanding at the time of such vote so as to postpone the time or times of payment of any vested interest either before or after the interest is due, or the principal of any or all Bonds of the Mortgage, either before or after maturity, which at such time may be outstanding, provided that the payment of the principal of the Bonds may not be postponed for a longer period than 20 years from the maturity date designated in the Bonds and that the maturity of interests on the Bonds may not be postponed for a longer period than 5 years, but in no event beyond the maturity date of the principal of the Bonds designated in the Bonds, unless such maturity be postponed, in which event the maturity of interest on the Bonds may not be postponed beyond the extended maturity date of the principal.

XI. GENERAL INCOME DIVISIONAL MORTGAGE BONDS

The General Income Divisional Mortgage Bonds shall be direct obligations, unconditional as to principal, of the Atlantic Coast Line Railroad Company. They shall bear contingent interest at the rate of 4¼% per annum, payable as, and cumulative to the extent, hereinafter provided, and shall mature 75 years from the date of issue. The total authorized issue shall be limited to $13,500,000 principal amount.

The General Income Divisional Mortgage Bonds shall be redeemable in whole or in part at any time on 30 days' notice at their principal amount and accrued interest. Accrued interest shall include any interest payable but not paid with respect to the available net income of the next preceding calendar year and all unpaid accumulated interest (provided that the maximum payable with respect to accumulated unearned interest shall not exceed the maximum hereinafter specified), plus interest at 4¼ percent per annum from the last preceding December 31 to the

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redemption date. Any redemption of less than all of the Bonds, whether at the option of the obligor or for the sinking fund, shall be by lot. Contingent interest on the General Income Divisional Mortgage Bonds at the rate of 4¼ percent per annum shall (up to the limit of accumulation hereinafter specified), become owing as a debt on December 31 in each year, if, and to the extent, that the available net income (as defined in Section XIII hereof) shall suffice therefor, except that interest at the rate of 4¼ percent for the year prior to maturity of the Bonds shall be paid at date of maturity of the Bonds whether or not earned. Otherwise interest, if the available net income shall suffice therefor, shall be payable on May 1 of the year next succeeding or thereafter as hereinafter provided. Unearned interest shall accumulate up to a maximum amount of 12¾ percent, but no more. If such maximum accumulation is reached, no further accumulation shall be made unless the amount of the accumulated interest is later reduced, in which case unearned interest accruing after such reduction in accumulated interest may again be accumulated from time to time, but the total accumulation of unearned interest shall never exceed the maximum of 12¾ percent.

Accumulated interest shall be mandatorily payable on May 1 of any subsequent year (a) whenever and to the extent that the balance of the available net income of the preceding calendar year after provision for the interest on the Divisional First Mortgage Bonds payable on such May 1 shall suffice therefor, or (b) in any event (whether earned or not) at the maturity or on the redemption of the Bonds.

The Atlantic Coast Line Railroad Company may at any time in its discretion pay, out of any funds lawfully available therefor, any interest due or accrued on the Bonds, even if not earned.

No interest shall be paid on the Bonds in any year if the amount shall be less than one-fourth of 1 percent, and all payments shall be in multiples of one-fourth of 1 percent. Any available net income not applied because of the foregoing provision shall be reserved and added to the available net income applicable to the payment of interest on the Bonds and to the sinking fund in the succeeding calendar year or years.

The General Income Divisional Mortgage shall provide for annual payments into a sinking fund for the Bonds, equal to one-half of 1 percent of the largest principal amount of Bonds at any time previously authenticated and delivered, such payments to be made if sufficient available net income for the previous year is available for such purpose under the provisions of the Section hereinafter included in this Plan entitled "Determination and Application of Available Net Income." Such sinking fund shall be applied to the retirement of Bonds by purchase in the open market or by call for tender (but in no case at a price exceeding their principal amount and accrued interest) and to the extent not so applied, to their redemption as herein provided. Bonds shall be called for redemption by lot.

The General Income Divisional Mortgage shall also contain provisions for its modification and other features which shall be similar to those contained in the Division First Mortgage, and in addition shall prohibit any modification of the provisions of the General Income Divisional Mortgage with respect to the determination and application of available net income. A provision for the postponement of the time or times of payment of interest or principal substantially identical with that in the First Mortgage shall, however, be included in the General Income Divisional Mortgage.

The General Income Divisional Mortgage shall be secured by a lien on all the property which is subject to the lien of the Divisional First Mortgage, the lien of the General Income Divisional Mortgage to be immediately junior to the lien of the Divisional First Mortgage.

The General Income Divisional Mortgage shall contain provisions permitting the Trustees of the General Mortgage of Atlantic Coast Line Railroad Company dated March 1, 1950 to hold pledged Divisional First Mortgage Bonds after their maturity without impairment of lien.

XI(A). PREFERRED STOCK

The new Atlantic Coast Line Railroad Company preferred stock shall have a par value of $100 per share.

The holders of the preferred stock shall be entitled to receive when and as declared by the board of directors of the Atlantic Coast Line Railroad Company, dividends of $1 a share on February 1, May 1, August 1, and November 1 in each year. The holders of the new preferred stock shall also participate share for share with the holders of the Atlantic Coast Line Railroad Company common stock in all dividends paid or set aside for payment

on the common stock in excess of $4 per share per annum thereon. Dividends on the new preferred stock shall be cumulative to the extent of 12 percent whether or not earned in any year of such accumulation but thereafter only to the extent earned but not declared or paid. In determining the amount of accumulation of dividends at any time, no dividends paid or set aside for payment upon the new preferred stock in any year previous to the first year of such accumulation in excess of $4 shall be credited against the nonpayment of the $4 dividend in any subsequent year.

So long as there shall be any accumulated dividends on the new preferred stock, no distribution whatever, whether by dividends or otherwise, shall be declared, or set aside for payment, or paid upon the common stock of the Atlantic Coast Line Railroad Company, and no common stock of the Atlantic Coast Line Railroad Company shall be purchased or redeemed.

The new preferred stock shall be redeemable as a whole or in part by lot, at any time on at least 30 days' notice at $100 a share plus (1) the amount of any accumulated dividends within the limit of accumulation herein specified and (2) an amount equal to interest at 4 percent per annum from the last preceding dividend-payment date to the date of redemption.

The new preferred stock shall be convertible into Atlantic Coast Line Railroad Company common stock share for share (except as hereinafter in this paragraph provided) and shall contain suitable provisions to protect against any dilution of the conversion rights. In the event of the election of the Atlantic Coast Line Railroad Company to redeem any or all of the new preferred stock, any holder of any of the shares thereof called for redemption shall have the right to convert any or all of such shares into common stock at any time prior to the date when the redemption shall become effective, but in conversions made after the election of the company to redeem and prior to the date when the redemption shall become effective the basis of exchange shall be 1 share of preferred stock for 1¼ shares of common stock.

Holders of the new preferred stock shall be entitled to one vote per share in the election of directors of the Atlantic Coast Line Railroad Company and otherwise except as provided in this paragraph. The holders of the new preferred stock voting as a class shall have the right to elect not less than 2 directors in the event of the default of the equivalent of six quarterly dividends. The Atlantic Coast Line Railroad Company shall not, without the consent or vote of the holders of at least two-thirds in par value of the outstanding new preferred stock, create any stock ranking, either as to assets or dividends, in priority to or on a parity with the new preferred stock. The affirmative approval of the holders of at least two-thirds of the new preferred stock, shall be a prerequisite to any charter or bylaw amendment of the Atlantic Coast Line Railroad Company altering materially any existing provision of such preferred stock.

In the event of the dissolution, winding up, liquidation, or reorganization of the Atlantic Coast Line Railroad Company, the holders of the new preferred stock shall be entitled to receive the par value of their shares and accumulated dividends (within the maximum herein specified) before any distribution shall be made to the holders of Atlantic Coast Line Railroad common stock and shall not be entitled to share further in any assets of the Atlantic Coast Line Railroad Company.

XII. NEW COMMON STOCK

The common stock issuable in the reorganization shall be the common stock of the Atlantic Coast Line Railroad Company outstanding on the consummation date, or the equivalent thereof in event of any stock dividends, split-ups or the issuance of any rights subsequent to the consummation date.

XIII. DETERMINATION AND APPLICATION OF AVAILABLE NET INCOME

Available net income of the Atlantic Coast Line Railroad Company for the purposes of this plan shall be determined for each calendar year beginning with the date of consummation. For each year ended after the consummation of the plan the determination shall be made on or before May 1 of the following year. If the plan is consummated on a day other than January 1, the available net income shall be determined for the period from the date of consummation to December 31 of the same calendar year. The determination of available net income in that event shall be made on or before May 1 of the following calendar year, and the interest and sinking fund payments for that period shall be one-twelfth of the corresponding amounts for a 12-month calendar-year period for each month, or major fraction thereof, elapsing between the date of consummation and December 31 of the same year.

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Available net income for each year shall be determined by deducting all fixed charges of the Atlantic Coast Line Railroad Company (including the sinking fund payment for retirement of the new Divisional First Mortgage Bonds) accruing in such year from the Atlantic Coast Line Railroad Company's balance available for fixed charges for such year (determined in accordance with this Commission's accounting rules or those of any other governmental agency having jurisdiction in the premises at the time in effect, or, to the extent not governed by such accounting rules, in accordance with sound accounting practices).

Available net income shall be determined for each year as the accounts are stated on the books of the Atlantic Coast Line Railroad Company when its accounts are closed for such period, without adjustments, except that (1) if in respect to any year the available net income is a deficit, the amount of such deficit shall be carried forward and be deducted in determining available net income for the succeeding year or years until such deficit (or accumulated or remaining deficits) be extinguished by earnings, which, in the absence of such deficit or deficits, would be available net income; and (2) any adjustments necessary to correct the income accounts of any prior year shall be made by appropriate entries which may either be made in the accounts of the current year or, in the discretion of the Board of Directors of the Atlantic Coast Line Railroad Company and subject to the approval of this Commission or that of such other governmental agency, if any, as at the time may have jurisdiction over the accounting practices of the Atlantic Coast Line Railroad Company, may be made, in whole or in part, in the accounts of any subsequent year or years, and any such debits or credits made in the accounts of any year to adjust entries in the income account of prior years shall be treated as income items for the year in which entered on the books, whether cleared through income or profit and loss accounts; and (3) in computing such available net income, no amounts shall be deducted for retirements of nondepreciable property.

Available net income for each year shall be applied, to the extent necessary, to the following purposes and in the following order:

(a) To the payment of currently payable interest on the General Income Divisional Mortgage Bonds.

(b) To the payment of accumulations of interest on the General Income Divisional Mortgage Bonds.

(c) To the current sinking fund payment on the General Income Divisional Mortgage Bonds.

(d) To payments into the sinking fund to the extent of the difference, if any, between the amounts paid in prior years and the amounts which would have been payable if the available net income in prior years had sufficed for payments of $67,500 a year.

Any balance of available net income may be applied by the Atlantic Coast Line Railroad Company for any proper corporate purpose.

The General Income Divisional Mortgage shall specify, or provide for the determination of, an equitable method of ascertaining what portion or portions of the revenues and expenses of any successor or lessee corporation shall be used for the determination and application of available net income under the Mortgage in the event of a consolidation, merger, conveyance, or lease involving the Atlantic Coast Line Railroad Company, and the maintenance of a separate income account shall not be required for that purpose.

XIV. TREATMENT OF EXISTING SECURITIES AND CLAIMS

Upon consummation of the plan or prior thereto if the court should order, holders of the debtor's outstanding first-mortgage 4½-percent bonds due June 1, 1959, shall receive for each $1,000 principal amount, of bonds held, cash in the full principal amount, plus all accrued unpaid interest to the date of payment of the principal.

Subject to the provisions of section IX(A), there shall be distributed ratably in respect of the $45,000,000 of the debtor's first and refunding mortgage bonds cash and securities as follows:

Holders of the debtor's first and refunding mortgage 5-percent, series A, bonds shall receive for each $1,000 bond and all accrued and unpaid interest to the consummation date, (1) $84.69 with respect to the $3,811,000 first-mortgage bonds purchased pursuant to the order of the court dated December 14, 1945 (Document 507), (2) $300, principal amount, of Atlantic Coast Line Railroad Company divisional first-mortgage fixed interest 3¾-percent 25-year bonds, subject to reduction on account of reservation of bonds for payment in cash of court-imposed liens

for distribution to unsecured creditors, (3) $300, principal amount, of Atlantic Coast Line Railroad Company eral income divisional-mortgage 4¼-percent 75-year bonds, (4) $200, par value, of Atlantic Coast Line Railroad mpany participating cumulative convertible, $100 par value, 4-percent dividend preferred stock, (5) approximately shares of Atlantic Coast Line Railroad Company no-par common stock (stated at $100 per share), subject reduction to permit distribution of such stock to unsecured creditors, and (6) a cash payment representing their res of the cash available under the method of computation outlined in sections VII and IX(A) hereof. The ount of first-mortgage bonds and common stock distributable to the holder of each bond will vary slightly, pending on the method of settlement approved by the court for the unsecured creditors, the cash available for tribution, and the amount of liens imposed by the court upon cash used for improvements to the property.

The $3,811,000 of the debtor's 4½-percent first-mortgage bonds purchased by the debtor's trustees under thority of court order contained on document 507 and held in trust by the successor trustees under the first and funding mortgage shall be paid in cash at the consummation of the plan or earlier if so ordered by the court. hen so paid the interests of the holders of the debtor's first and refunding bonds in these bonds are found not be materially and adversely affected by the plan.

The court shall determine the amounts of the unsecured claims, including the amount of the deficiency im of the successor trustees of the debtor's first and refunding mortgage, and shall also determine whether any f the unsecured claims should be subordinated.

The court shall determine what items of property, other than those described as free of liens in the accompanying eport, are free of liens and shall value them. The value of the property heretofore determined to be free of liens, s described in the report, has a value of $1,177,356 for the purpose of this proceeding. To this amount should e added the values as determined by the court of additional items of property determined by the court to be free f liens. The court shall also determine which, if any, of the claims of unsecured creditors shall not participate in he distribution of free assets or shall be subordinated to other claims.

New securities shall be allotted to the free assets on the basis of 50 percent of the value found for the free ssets, in Atlantic Coast Line Railroad Company divisional first-mortgage fixed interest 3¼-percent 25-year bonds t par, and as to the remainder of such value in an amount in stated value of Atlantic Coast Line Railroad Company no-par common stock equal to 60 percent of one-half the value of the free assets, such securities to be for *pro rata* distribution among the holders of unsecured claims.

Nothing herein shall be construed to bar a settlement and disposition of the unsecured claims totaling $148,488.71 referred to in the order of the court dated December 13, 1949 (Court Document 805) for not more than 24.64 cents in cash for each dollar of principal amount.

In connection with the distribution of new securities to the unsecured creditors, where the new bonds so distributable to a single creditor or for any portion of the claim of a single creditor would be less than $100, face value, or the stock would be less than 1 share, the total of all the securities which otherwise would be so distributed in such fractional lots shall be delivered to the reorganization managers to be sold by them at either private or public sale and the cash proceeds distributed *pro rata* on the basis of the securities which each would have received. Allotted securities representing the share in the free assets of creditors electing to receive cash under the stipulation referred to in the report shall be delivered to the reorganization managers for distribution to the first and refunding bondholders.

On the basis of the foregoing, the court shall determine the participation of the unsecured creditors under the plan.

The interests and equities of the holders of the capital stock of the debtor are without value and nothing shall be distributed to them in the reorganization.

The Atlantic Coast Line Railroad Company in connection with any settlement of transportation accounts between the United States and the debtor, shall be required to recognize and pay or allow for any and all sums determined through audit, adjustment, compromise, or litigation, as due the United States by virtue of the provisions of section 322 of the Transportation Act of 1940, 54 Stat. L. 955, for payments made prior to the date of confirmation of a plan of reorganization, without requiring proof thereof in this reorganization proceeding and without prejudice by reason of such sums not having been proved herein, with the same relative priority as they now have with respect to other obligations of the debtor.

XV. CLAIMS NOT AFFECTED BY THE PLAN

The following claims to the extent allowed are not affected by the plan: (a) Claims arising from the administration of the trust estate and operation of the property subsequent to the filing of the petition under Section 77 of the Bankruptcy Act, as amended, on January 25, 1941; (b) obligations of the receivers incurred in the receivership proceedings between the time of appointment of the receivers on August 31, 1931 and the filing on January 25, 1941, of the petition under Section 77 of the Bankruptcy Act, as amended, and reasonable administrative expenses, and allowances in that proceeding, to the extent that provision shall be made therefor by the court in the present proceedings; (c) claims entitled to priority over one or more of the mortgages of the debtor, including labor claims entitled to such priority; (d) claims for taxes and special assessments; (e) claims for interest and principal provision for payment of which has been made by the Debtor or by the Court, but which have not been paid because not presented for payment. To the extent that such claims, liabilities, or obligations are not paid by the Debtor or the Trustees of the estate of the Debtor pursuant to order of the Court in the reorganization proceedings, they shall be assumed by the Atlantic Coast Line Railroad Company and paid in cash in due course, provided that any amounts of the foregoing classes (a) to (e) inclusive, assumed by the Atlantic Coast Line Railroad Company shall constitute a charge upon the property securing the new divisional mortgages, such charge to be prior in lien to such new divisional mortgages. All such claims, liabilities, and obligations may be adjusted or compromised and dealt with or paid or discharged by the Atlantic Coast Line Railroad Company, all as may be determined by its Board of Directors. In view of the above provisions, the interests of the holders of such claims of the foregoing classes (a) to (e), inclusive, against the Debtor will not be materially and adversely affected by the Plan.

XVI. EXPENSES OF REORGANIZATION

All costs of administration of the Trustees of the Debtor and all expenses of reorganization, including the amounts of all claims for compensation and expenses allowed pursuant to Section 77 of the Bankruptcy Act, shall be paid in cash.

XVII. ASSUMPTION OR DISAFFIRMANCE OF LEASES OR CONTRACTS

The Atlantic Coast Line Railroad Company shall assume such of the contracts of the Debtor which are executory in whole or in part, including any executory leases and liabilities under guaranties as shall have been affirmed by the Trustees of the estate of the Debtor in the reorganization proceeding with the approval of the Court, and also any executory contracts made by the Trustees of the estate of the Debtor, with the approval of the Court in the reorganization proceeding which, by their terms, do not terminate at the conclusion of the reorganization proceeding. When such contracts are assumed by the Atlantic Coast Line Railroad Company, the interests of the other parties to such contracts will not be materially and adversely affected by the plan.

XVIII. LISTING OF THE NEW SECURITIES ON THE STOCK EXCHANGE

The Reorganization Managers or the Board of Directors of the Atlantic Coast Line Railroad Company shall, upon the issuance of the new securities, or if practicable prior thereto, cause the filing promptly of an application for the listing of the new securities on the New York Stock Exchange.

XIX. REORGANIZATION MANAGERS

The Reorganization Managers shall not be more than three in number, all to be appointed by the Court, and shall carry out the Plan under the supervision and control of the Court. The Reorganization Managers shall have general supervision of carrying out the Plan.

The Reorganization Managers shall have, subject to any requirements of law and requisite approval of the Court and this Commission, fully and plenary discretionary power to take all such action and to enter into such arrangements, financial and otherwise, as they may deem necessary or advisable, in order to consummate and carry into execution the plan or any modification thereof; to fix the compensation of persons whose services they may employ in the execution of their powers; to supervise the transfer of the Debtor's properties to the Atlantic Coast Line Railroad Company; to determine the form and provisions, so far as not otherwise herein specifically provided, of the new

Bonds and the mortgages under which the same shall be issued, the new preferred stock certificates and any other instruments deemed by the Reorganization Managers to be necessary or proper in connection with the plan; and to do all other acts in their discretion advisable for carrying out the plan. All fees and expenses of the Reorganization Managers shall be payable out of the estate of the Debtor upon order of the Court, within maximum limits to be fixed by this Commission.

The Court shall, however, before they are put in use, approve the new mortgages, trust agreements, bonds, securities, and preferred stock certificates.

The Reorganization Managers may act by a majority as from time to time constituted, at a meeting or in writing without a meeting. They may employ such agents, attorneys, and others as they may deem desirable for the purposes of the Plan. They may from time to time delegate to others any power or discretion conferred upon them by the Plan, and they shall not be liable for any action taken or omitted by them in good faith or by any person employed by them in good faith, except for their respective individual malfeasance or willful neglect.

The Reorganization Managers shall not be authorized to solicit deposits of securities for purposes other than exchange or to solicit authorizations to represent security holders, except upon approval by this Commission of the terms of such solicitation, pursuant to Section 77(p) of the Bankruptcy Act.

XX. ACCEPTANCE OF THE PLAN, PARTICIPATION THEREIN AND EXECUTION THEREOF

Acceptance of the Plan shall include acceptance of the new bonds, mortgages, stock certificates, and all instruments necessary and appropriate to the carrying out of the Plan, to the same effect as though the terms of such instruments were set out in full in the Plan.

The method by which creditors and other parties in interest may, after confirmation of the Plan by the Court, participate therein shall be determined by the Reorganization Managers, with the approval of the Court, and notice thereof duly given.

XXI. NOTICE AND CONSTRUCTION OF PLAN

Unless otherwise provided in Section 77 of the Bankruptcy Act, as amended, or by any order or orders of the Court in the reorganization proceeding or of this Commission, whenever notice shall be required or permitted to be given under or pursuant to the Plan, such notice shall be given by publishing a copy thereof once in each week for two consecutive weeks in one newspaper published and of general circulation in the city of Jacksonville, Florida, and in one newspaper published and of general circulation in the city of Miami, Fla., and also (1) in case of notice to security holders who have accepted the plan, by mailing such notice, postage prepaid, to the addresses of such security holders set forth in the acceptances signed by them, and (2) in case of notices to security holders who shall not have accepted the plan, by mailing such notices, postage prepaid, to such security holders whose names and addresses are available, but failure to mail any such notices, or delay in mailing any such notices, shall not invalidate the notice by publication above provided, which alone shall be held sufficient.

The construction of the Plan by the Court shall be final and conclusive. The Court shall have the power to cure any defect, supply any omission, or reconcile any inconsistency, in such manner or to such extent as may be necessary or expedient in order to carry out the plan effectively.

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EXHIBIT 1

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ATLANTIC COAST LINE RAILROAD COMPANY

INCOME STATEMENT

	Ten Months ended October 31 1951	Ten Months ended October 31 1950	Year ended December 31 1950	Year ended December 31 1949
RAILWAY OPERATING REVENUES				
Freight	$104,593,587.79	$ 85,713,482.39	$104,942,293.41	$ 96,135,849.10
Passenger	16,696,119.81	13,659,743.73	16,524,248.20	17,396,518.06
Mail	2,900,357.14	2,425,505.68	3,412,619.04	3,165,805.05
Express	1,470,374.89	1,513,269.10	1,972,222.81	1,996,744.72
All other transportation	913,206.61	745,909.15	1,029,427.38	907,463.15
Incidental and joint facility operating revenue	3,543,408.40	3,133,432.10	3,777,309.27	3,189,984.10
Total railway operating revenues	$130,117,054.64	$107,191,342.15	$133,658,119.31	$122,992,355.18
RAILWAY OPERATING EXPENSES				
Maintenance of way and structures	$ 25,044,858.14	$ 19,949,993.54	$ 23,490,577.46	$ 20,415,918.38
Maintenance of equipment	27,270,858.13	18,532,898.51	23,052,214.35	22,587,604.03
Traffic	3,351,263.07	2,881,848.66	3,537,446.63	3,636,755.10
Transportation	48,916,774.80	41,630,675.63	50,828,791.10	51,572,249.32
Miscellaneous operations	2,189,530.89	1,776,034.57	2,144,266.97	1,993,483.28
General	3,648,473.17	3,262,259.11	3,987,497.03	4,011,270.33
Total railway operating expenses	$110,421,768.20	$ 88,033,710.02	$107,040,793.54	$104,217,280.44
Net revenue from railway operations	$ 19,695,286.44	$ 19,357,632.13	$ 26,617,325.77	$ 18,775,074.74
Railway tax accruals	12,475,000.00	11,900,000.00	15,700,000.00	11,000,000.00
Railway operating income	$ 7,220,286.44	$ 7,457,632.13	$ 10,917,325.77	$ 7,775,074.74
RENT INCOME				
Equipment rent income	$ 1,584,703.36	$ 1,372,277.98	$ 1,614,301.13	$ 1,609,623.44
Joint facility rent income	491,634.80	465,351.16	633,663.06	614,361.37
Total rent income	$ 2,076,338.16	$ 1,837,629.14	$ 2,247,964.19	$ 2,223,984.81
RENTS PAYABLE				
Equipment rents payable	$ 4,265,161.94	$ 2,508,841.93	$ 2,891,243.53	$ 2,789,318.90
Joint facility rents payable	379,239.15	347,406.81	457,378.80	455,841.74
Total rents payable	$ 4,644,401.09	$ 2,856,248.74	$ 3,348,622.33	$ 3,245,160.64
Net railway operating income	$ 4,652,223.51	$ 6,439,012.53	$ 9,816,667.63	$ 6,753,898.91
OTHER INCOME				
Income from lease of road and equipment	$ 146,670.64	$ 131,209.22	$ 161,017.95	$ 57,997.79
Miscellaneous rent income	218,278.06	213,113.88	257,820.38	270,165.07
Income from non-operating property	279,201.32	254,649.32	278,802.22	259,791.43
Separately operated properties—profit	3,545,681.02	2,975,700.53	3,654,027.48	1,434,230.76
Dividend income	3,452,795.00	3,053,995.54	3,173,233.54	3,086,278.54
Interest income	179,727.07	151,850.78	273,561.76	276,333.57
Income from sinking and other reserve funds	42,442.20	42,079.34	52,824.89	45,785.89
Release of premiums on funded debt	216.87	898.81	898.81	1,580.75
Miscellaneous income	1,536.76	4,839.40	5,889.61	1,385.86
Total other income	$ 7,866,548.94	$ 6,828,336.82	$ 7,858,076.64	$ 5,433,549.66
Total income	$ 12,518,772.45	$ 13,267,349.35	$ 17,674,744.27	$ 12,187,448.57
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 11,075.84	$ 11,789.61	$ 14,922.63	$ 14,686.96
Miscellaneous tax accruals	15,553.52	21,912.79	110,983.02	114,098.25
Miscellaneous income charges	53,823.57	19,180.61	26,279.29	38,409.05
Total miscellaneous deductions	$ 80,452.93	$ 52,883.01	$ 152,184.94	$ 167,194.26
Income available for fixed charges	$ 12,438,319.52	$ 13,214,466.34	$ 17,522,559.33	$ 12,020,254.31
FIXED CHARGES				
Rent for leased roads	$ 142,724.91	$ 142,724.91	$ 171,256.14	$ 171,256.14
Interest on funded debt	2,974,231.96	2,993,702.10	3,593,430.50	3,497,886.89
Interest on conditional sale agreements	386,786.89	448,196.65	531,999.63	320,331.16
Dividends on equipment trust certificates	757,948.80	290,219.32	369,755.68	231,612.63
Interest on unfunded debt	165,807.84	41,112.74	52,286.20	36,105.56
Amortization of discount on funded debt			23,033.02	15,679.46
Total fixed charges	$ 4,427,500.40	$ 3,915,955.72	$ 4,741,761.17	$ 4,273,071.24
Income after fixed charges	$ 8,010,819.12	$ 9,298,510.62	$ 12,780,798.16	$ 7,747,183.07
OTHER DEDUCTIONS				
Interest on certificates of indebtedness	446.00	2,014.81	2,010.81	3,792.00
NET INCOME	$ 8,010,373.12	$ 9,296,495.81	$ 12,778,787.35	$ 7,743,391.07
DISPOSITION OF NET INCOME				
Income applied to sinking and other reserve funds	42,442.20	42,079.34	1,587,673.31	45,785.89
BALANCE OF INCOME TRANSFERRED TO EARNED SURPLUS—UNAPPROPRIATED	$ 7,967,930.92	$ 9,254,416.47	$ 11,191,114.04	$ 7,697,605.18

EXHIBIT 3

ATLANTIC COAST LINE RAILROAD COMPANY

COMPARATIVE GENERAL BALANCE SHEET
ASSETS

		October 31 1951	December 31 1950	December 31 1949
INVESTMENTS				
Road and Equipment Property		$433,368,839.49	$410,282,462.59	$388,643,720.39
Improvements on Leased Property		221,719.58	226,303.33	237,763.06
Acquisition Adjustment		7,760,921.59*	7,764,067.83*	7,764,067.83*
Donations and Grants		1,365,094.67*	1,307,341.31*	1,864,391.52*
Investment in Transportation Property		$446,663,939.43	$401,337,664.78	$380,955,042.02
Accrued Depreciation—Road		7,531,214.45*	7,270,763.70*	6,716,561.23*
Accrued Depreciation—Equipment		49,236,582.16*	47,385,971.30*	46,200,077.13*
Accrued Amortization of Defense Projects—Road		1,038,695.73*	998,529.56*	948,357.09*
Accrued Amortization of Defense Projects—Equipment		40,511,110.63*	38,319,801.37*	37,933,829.48*
Investment in Transportation Property less recorded Depreciation and Amortization		$348,346,716.56	$307,662,598.83	$288,179,217.50
Sinking Funds	$134,183.42			
Less this Company's own issue	134,000.00	183.42	———	———
Capital and Other Reserve Funds	$806,934.42			
Less this Company's own issue pledged under Georgia Railroad lease	575,000.00	231,934.42	311,844.95	3,455,852.14
Miscellaneous Physical Property		3,942,661.86	3,842,115.45	3,738,003.33
		$352,521,495.45	$311,816,559.23	$295,373,072.97
Investments in Affiliated Companies:				
Stocks		$ 43,579,081.28	$ 43,608,680.28	$ 43,638,440.28
Bonds		3,100,696.90	3,100,696.90	3,100,696.90
Notes		1,744,104.90	1,518,404.90	1,294,038.23
Advances		10,307,981.88	10,780,130.20	10,361,318.38
		$ 58,730,864.96	$ 59,007,912.28	$ 58,394,493.79
Other Investments:				
Stocks		$ 199,430.03	$ 199,430.03	$ 199,530.03
Total Investments		$411,442,790.44	$371,014,891.54	$353,950,086.79
CURRENT ASSETS				
Cash		$ 8,310,172.51	$ 10,875,979.60	$ 13,566,851.54
Temporary Cash Investments		3,962,573.69	2,495,152.67	2,500,630.20
Special Deposits:				
Cash for Dividends, Interest and Debts		1,150,740.91	1,858,969.93	2,005,203.89
Traffic and Car Service Balances		701,532.85	952,591.40	1,361,169.96
Net Balances Receivable from Agents and Conductors		2,129,171.47	2,131,165.84	1,968,867.68
Miscellaneous Accounts Receivable		11,384,665.62	9,834,016.07	7,383,553.55
Material and Supplies		10,672,972.64	12,600,158.07	11,257,605.99
Interest and Dividends Receivable		858,858.63	75,570.08	104,294.63
Accrued Accounts Receivable		436,099.25	2,850,264.87	915,029.90
Other Current Assets		47,940.63	46,547.61	28,069.08
Total Current Assets		$ 47,864,558.00	$ 51,913,416.84	$ 46,611,276.36
DEFERRED ASSETS				
Working Fund Advances		$ 40,942.32	$ 41,281.80	$ 41,281.80
Insurance and Other Funds		2,357,973.09	2,419,360.66	2,475,314.02
Other Deferred Assets		268,168.09	264,799.30	334,837.63
Total Deferred Assets		$ 2,667,083.70	$ 2,725,440.76	$ 2,851,433.45
UNADJUSTED DEBITS				
Total Unadjusted Debits		$ 1,258,899.01	$ 899,829.00	$ 1,136,233.87
Securities Issued—Unpledged:				
Per value of holdings—				
October 31, 1951	$ 98,378,000.00			
Securities Issued—Pledged:				
Per value of holdings—				
October 31, 1951	37,974,000.00			
Grand Total		$463,173,293.15	$425,432,579.30	$398,547,030.45

* Debits denote credit.

EXHIBIT 3

ATLANTIC COAST LINE RAILROAD COMPANY

COMPARATIVE GENERAL BALANCE SHEET
LIABILITIES

	October 31 1951	December 31 1950	December 31 1949
CAPITAL STOCK			
Common Stock (823,427 shares no-par value) stated value	$ 89,348,222.76	$ 89,348,222.76	$ 89,348,222.76
plus premiums	155,400.00	155,400.00	155,400.00
Preferred Stock (par value $100 per share)			
Total Capital Stock	$ 89,503,622.76	$ 89,503,622.76	$ 89,503,622.76
LONG TERM DEBT			
Mortgage Bonds:			
Book Liability October 31, 1951 $210,806,000.00			
Held by or for Company (of which $575,000.00 are pledged as per contra) 129,061,000.00	$ 81,745,000.00	$ 82,345,000.00	$83,374,000.00
Certificates of Indebtedness	11,100.00	11,500.00	93,300.00
Equipment Trust Certificates	17,030,000.00	19,368,000.00	22,521,000.00
Conditional Sale Agreements	59,844,304.64	24,401,294.80	10,654,267.74
Total Long Term Debt	$158,630,404.64‖	$126,325,794.80‖	$116,642,567.74‖
CURRENT LIABILITIES			
Audited Accounts and Wages Payable	$ 11,736,535.98	$ 12,335,810.04	$ 9,435,731.70
Miscellaneous Accounts Payable	2,085,838.35	2,044,918.00	2,717,379.79
Interest Matured Unpaid	100,469.98	124,923.42	121,043.24
Dividends Matured Unpaid	26,605.00	46,435.55	47,568.10
Unmatured Interest Accrued	1,099,586.57	998,064.44	975,972.50
Unmatured Dividends Declared	1,033,168.75	———	———
Accrued Accounts Payable	1,531,432.29	2,002,888.45	654,059.79
Taxes Accrued	11,865,767.87	11,382,373.77	6,405,510.30
Other Current Liabilities	334,096.80	695,180.76	444,466.80
Total Current Liabilities	$ 30,033,501.59	$ 30,230,795.23	$ 20,801,724.22
DEFERRED LIABILITIES			
Pension and Welfare Reserves	$ 1,769,301.03	$ 1,764,792.64	$ 1,800,827.80
Other Deferred Liabilities	167,183.70	263,274.49	171,203.80
Total Deferred Liabilities	$ 1,936,484.73	$ 2,028,836.13	$ 1,972,031.60
UNADJUSTED CREDITS			
Insurance Reserves	$ 997,247.15	$ 1,083,213.92	$ 987,334.01
Revaluation Reserves	1,339,099.91	———	———
Other Unadjusted Credits	1,948,882.36	1,308,130.68	1,803,063.33
Accrued Depreciation—Leased Property	15,497.24	6,797.24	8,645.93
Total Unadjusted Credits	$ 3,801,146.66	$ 2,113,143.34	$ 2,799,263.49
CORPORATE SURPLUS			
Unearned Surplus	$ 9,520,311.46	$ 9,518,740.51	$ 9,516,362.98
Earned Surplus—Appropriated	1,694,341.36	1,720,862.44	169,827.97
Earned Surplus—Unappropriated	167,973,478.08	143,998,582.97	137,142,529.69
Total Corporate Surplus	$179,188,130.77	$175,238,185.92	$146,827,830.64
Grand Total	$463,173,393.15	$425,452,578.26	$398,547,830.45

‖ Does not include guarantees with respect to securities of other companies.

EXHIBIT 4

ATLANTIC COAST LINE RAILROAD COMPANY

STATEMENT OF EARNED SURPLUS—UNAPPROPRIATED

Ten Months Ended October 31, 1951

CREDITS

Credit balance, January 1, 1951			$163,998,582.97
Credit balance transferred from Income			7,967,930.92
Miscellaneous credits			175,250.95
			$172,141,764.84

DEBITS

Dividend appropriations of unappropriated surplus:			
Preferred Stock, $5.00 per share on 1,554 shares	$ 7,770.00		
Common Stock, $5.00 per share on 823,427 shares	4,117,135.00	$4,124,905.00	
Miscellaneous debits		43,381.79	4,168,286.79
Credit balance, October 31, 1951			$167,973,478.05

Year Ended December 31, 1950

CREDITS

Credit balance, January 1, 1950			$157,142,529.69
Credit balance transferred from Income			11,191,114.04
Miscellaneous credits			114,254.02
			$168,447,897.75

DEBITS

Dividend appropriations of unappropriated surplus:			
Preferred Stock, $5.00 per share on 1,554 shares	$ 7,770.00		
Common Stock, $4.00 per share on 823,427 shares	3,293,708.00	$3,301,478.00	
Abandonment of branch lines		1,086,720.04	
Miscellaneous debits		61,116.74	4,449,314.78
Credit balance, December 31, 1950			$163,998,582.97

Year Ended December 31, 1949

CREDITS

Credit balance, January 1, 1949			$153,194,645.81
Credit balance transferred from Income			7,697,605.18
Miscellaneous credits			134,733.51
			$161,026,984.50

DEBITS

Dividend appropriations of unappropriated surplus:			
Preferred Stock, $5.00 per share on 1,554 shares	$ 7,770.00		
Common Stock, $4.00 per share on 823,427 shares	3,293,708.00	$3,301,478.00	
Miscellaneous debits		582,976.81	3,884,454.81
Credit balance, December 31, 1949			$157,142,529.69

EXHIBIT 8

TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

STATEMENT SHOWING INCOME AVAILABLE FOR INTEREST ON FUNDED DEBT

(Figures from Trustees' Reports adjusted as indicated below)

	Ten Months Ended October 31 1951	1950	Year Ended December 31 1950	1949
RAILWAY OPERATING REVENUES				
ight	$16,793,578.03	$14,867,359.81	$17,722,149.55	$17,025,390.77
nger	5,425,425.99	5,263,851.75	6,118,321.59	6,468,336.53
l	815,442.16	835,382.16	1,391,210.42	779,216.99
ress	303,356.72	308,886.40	431,915.24	470,172.94
r transportation	146,503.98	85,677.82	201,026.60	160,897.28
ental	850,005.72	836,034.98	1,002,220.14	972,797.02
r facility—Credit	20,375.99	19,913.44	23,513.98	25,335.41
Railway operating revenues	$24,354,688.59	$22,217,106.36	$26,890,357.52	$25,902,146.94
RAILWAY OPERATING EXPENSES				
intenance of way and structures	$ 3,447,865.88	$ 4,309,102.31	$ 5,274,348.02	$ 4,661,362.49
intenance of equipment	4,378,368.27	3,952,521.00	4,781,939.90	4,659,486.83
affic	689,654.70	628,330.19	765,446.53	769,806.50
nsportation—rail line	9,538,178.87	7,876,819.86	9,601,705.43	9,756,806.89
scellaneous operations	822,062.73	819,354.71	972,125.67	960,976.90
neral	874,294.83	825,401.08	969,243.84	995,554.42
Railway operating expenses	$19,750,425.28	$18,411,529.15	$22,364,809.39	$21,803,994.03
t revenue from railway operations	$ 4,604,263.31	$ 3,805,577.21	$ 4,525,548.13	$ 4,098,152.91
ilway tax accruals	1,569,261.83	1,510,150.16	1,800,380.62	3,138,315.31
Railway operating income	$ 3,035,001.48	$ 2,295,427.05	$ 2,725,167.51	$ 959,837.60
ts of equipment—Net debit	$ 1,305,512.31	$ 1,062,310.02	$ 1,226,265.23	$ 1,072,721.31
t facility rents—Net debit	83,257.82	82,521.74	95,892.37	91,612.09
Net railway operating income	$ 1,646,231.35	$ 1,150,595.29	$ 1,403,009.91	$ *204,495.80*
r income	383,160.53	243,237.62	340,894.19	259,691.57
Gross income	$ 2,029,391.88	$ 1,393,832.91	$ 1,743,904.10	$ 55,195.77
DEDUCTIONS FROM GROSS INCOME				
scellaneous rents	$ 1,590.83	$ 1,374.08	$ 1,627.25	$ 925.43
scellaneous tax accruals	650.00	900.00	769.29	6,706.23
erest on unfunded debt	—	28,253.72*	32,375.50*	1,053.14*
ortization of discount on funded debt	53,018.60	53,788.31	65,723.71	81,306.44
scellaneous income charges	35,539.95	173,289.95	175,653.00	16,125.75
Total deductions	$ 90,799.38	$ 257,606.06	$ 276,148.75	$ 106,116.99
Amount available for interest on funded debt	$ 1,938,592.50	$ 1,136,226.85	$ 1,467,755.35	$ *50,921.22*

*Adjusted to exclude interest on defaulted interest.
Italics denote debits.

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EXHIBIT

TRUSTEES OF

FLORIDA EAST COAST RAILWAY COMPANY

COMPARATIVE GENERAL BALANCE SHEET

(Figures from Trustees' Reports)

ASSETS

	October 31 1951	December 31 1950	1949
INVESTMENTS			
Investment in Road and Equipment	$ 94,982,104 02	$ 94,546,701.36	$ 92,360,202.45
Improvements on Leased Property	19,700.26	19,677.76	19,677.76
Donations and Grants	*1,302,463.22*	*1,096,874.89*	*1,059,644.46*
Accrued Depreciation—Road	*2,955,464.72*	*2,555,255.44*	*2,168,937.49*
Accrued Depreciation—Equipment	*11,559,580.92*	*10,958,793.60*	*10,214,983.38*
Accrued Amortization of Defense Projects—Equipment	*1,542,377.67*	*1,510,232.36*	*1,447,866.44*
Investment in Transportation Property less recorded Depreciation and Amortization	$ 77,841,917.75	$ 78,445,222.83	$ 77,488,448.44
Capital and Other Reserve Funds	2,006,854.43	1,992,116.88	2,089,487.52
Miscellaneous Physical Property	280,587.53	282,323.98	280,491.12
	$ 80,129,359.71	$ 80,719,663.69	$ 79,858,427.08
Investments in Affiliated Companies:			
Stocks	$ 882,040.66	$ 882,040.66	$ 882,040.66
Bonds	187,001.00	187,001.00	187,001.00
Unsecured Notes	188,449.13	188,449.13	—
Investment Advances	766,273.21	731,273.21	726,273.21
	$ 2,023,764.00	$ 1,988,764.00	$ 1,795,314.87
Other Investments:			
Stocks	$ 118,635.72	$ 118,635.72	$ 150,635.72
Secured Obligations	177,999.34	60,000.00	60,000.00
Unsecured Notes	1,172.67	2,133.56	1,912.65
Investment Advances	22,265.78	37,040.92	51,242.84
	$ 320,073.51	$ 217,810.20	$ 263,791.21
Total Investments	$ 82,473,197.22	$ 82,926,237.89	$ 81,917,533.16
CURRENT ASSETS			
Cash	$ 6,181,683.04	$ 6,942,775.43	$ 7,001,751.95
Temporary Cash Investments	12,000,000.00	8,000,000.00	8,000,000.00
Special Deposits	155,231.29	382,837.70	418,776.13
Loans and Bills Receivable	65,241.56	34,872.85	188,849.13
Traffic and Car Service Balances Receivable	—	—	22,343.17
Balances Receivable from Agents and Conductors	275,999.13	187,624.53	241,412.29
Miscellaneous Accounts Receivable	796,087.00	1,327,432.47	828,858.23
Material and Supplies	3,870,127.42	3,134,062.56	3,520,004.71
Interest and Dividends Receivable	70,873.90	13,645.15	13,565.15
Accrued Accounts Receivable	246,000.33	154,988.26	245,954.95
Other Current Assets	33,768.20	14,985.27	15,254.54
Total Current Assets	$ 23,695,011.87	$ 20,193,224.22	$ 20,496,770.25
DEFERRED ASSETS			
Working Fund Advances	$ 7,722.69	$ 7,522.69	$ 5,482.83
Other Deferred Assets	171,119.29	185,090.17	228,356.39
Total Deferred Assets	$ 178,841.98	$ 192,612.86	$ 233,839.22
UNADJUSTED DEBITS			
Prepayments—Rents, Interest and Insurance Premiums Paid in Advance	$ 94,151.63	$ 72,053.70	$ 123,066.02
Discount on Funded Debt	1,463,552.21	1,516,966.51	1,606,557.93
Other Unadjusted Debits	117,375.35	188,293.46	113,913.68
Total Unadjusted Debits	$ 1,675,079.19	$ 1,777,313.67	$ 1,843,537.63
Grand Total	$108,022,130.26	$105,089,388.64	$104,491,680.26

Italics denote credits.

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TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

COMPARATIVE GENERAL BALANCE SHEET

(Figures from Trustees' Reports)

LIABILITIES

		October 31 1951	December 31 1950	1949
STOCK				
Capital Stock (Common)		$ 37,500,000.00	$ 37,500,000.00	$ 37,500,000.00
LONG TERM DEBT				
First Mortgage 4½% Bonds	$12,000,000.00			
Less Nominally Outstanding	3,811,000.00	$ 8,189,000.00	$ 8,189,000.00	$ 8,189,000.00
First and Refunding Mortgage 5% Bonds, Series "A"		45,000,000.00	45,000,000.00	45,000,000.00
Equipment Trust Certificates		1,545,000.00	1,648,000.00	1,854,000.00
Conditional Sale Agreements		3,015,871.81	3,545,242.27	3,460,086.42
Non-Negotiable Debt to Affiliated Companies—Open Account		1,900,000.00	1,900,000.00	1,900,000.00
Total Long Term Debt		$ 59,649,871.81	$ 60,282,242.27	$ 60,403,086.42
CURRENT LIABILITIES				
Traffic and Car Service Balances Payable		$ 935,305.92	$ 655,289.78	$ 724,818.38
Audited Accounts and Wages Payable		1,318,640.66	1,393,417.36	1,321,552.86
Miscellaneous Accounts Payable		366,084.87	526,172.88	489,713.62
Interest Matured Unpaid		85,362.26	131,060.30	175,230.92
Unmatured Interest Accrued		172,942.43	32,040.36	32,475.68
Accrued Accounts Payable		348,013.39	303,256.84	275,736.88
Taxes Accrued		*432,747.86*	*2,387,905.43*	*2,393,243.42*
Other Current Liabilities		155,610.70	316,779.23	271,850.37
Total Current Liabilities		$ 2,949,212.37	$ 970,111.32	$ 898,135.29
DEFERRED LIABILITIES				
Interest in Default		$ 53,658,666.94	$ 50,237,330.05	$ 46,233,869.73
Other Deferred Liabilities		665,426.66	*669,237.52*	684,623.84
Total Deferred Liabilities		$ 54,324,093.60	$ 50,906,567.57	$ 46,918,493.57
UNADJUSTED CREDITS				
Accrued Depreciation—Leased Property—Road		$ 64.83	$ *199.04*	$ *534.24*
Other Unadjusted Credits		114,621.24	75,607.85	365,876.94
Total Unadjusted Credits		$ 114,686.07	$ 75,408.81	$ 365,342.70
CORPORATE SURPLUS				
Unearned Surplus		$ 81.20	—	—
Earned Surplus—Unappropriated		*46,515,814.79*	*$ 44,644,941.33*	*$ 41,593,377.72*
Grand Total		$108,022,130.26	$105,089,388.64	$104,491,680.26

Italics denote debits.

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TRUSTEES OF
FLORIDA EAST COAST RAILWAY COMPANY

STATEMENT OF PROFIT AND LOSS
(Figures from Trustees' Reports)

Ten Months Ended October 31, 1951

DEBITS	
Debit Balance, December 31, 1950	$44,644,941.33
Debit Balance Transferred from Income	1,882,124.92
Miscellaneous Debits	10,735.09
	$46,537,801.34
CREDITS	
Miscellaneous Credits	21,986.55
Debit Balance, October 31, 1951	$46,515,814.79

Year Ended December 31, 1950

DEBITS	
Debit Balance, December 31, 1949	$41,593,377.72
Debit Balance Transferred from Income	3,029,950.30
Miscellaneous Charges	33,198.17
	$44,656,526.19
CREDITS	
Miscellaneous Credits	11,584.86
Debit Balance, December 31, 1950	$44,644,941.33

Year Ended December 31, 1949

DEBITS	
Debit Balance, December 31, 1948	$37,148,332.28
Debit Balance Transferred from Income	4,478,454.73
Miscellaneous Debits	5,036.54
	$41,631,823.55
CREDITS	
Miscellaneous Credits	38,445.83
Debit Balance, December 31, 1949	$41,593,377.72

I, F. D. Lemmon, Secretary of Atlantic Coast Line Railroad Company, certify that the foregoing is a true and correct copy of notice of special meeting of stockholders of Atlantic Coast Line Railroad Company on January 15, 1952, and proxy statement, as mailed to each stockholder of record on the Company's books at 3:00 o'clock P.M., Eastern Standard Time, December 31, 1951.

IN WITNESS WHEREOF, I have affixed my signature and the seal of Atlantic Coast Line Railroad Company on January 28th, 1952.

F. D. Lemmon
Secretary.

UNITED STATES OF AMERICA)
) ss.
SOUTHERN DISTRICT OF FLORIDA)

I, EDWIN R. WILLIAMS, Clerk of the United States District Court in and for the Southern District of Florida, and as such the legal custodian of the records and files of said Court, do hereby certify that the foregoing pages numbered as follows: VOLUME I, Fifth Supplemental Report of the Interstate Commerce Commission, Pages 81 through 191, inclusive, Sixth Supplemental Report of the Interstate Commerce Commission, Pages 195 through 226, inclusive, and Pages 1 through 236, inclusive; VOLUME II, Pages 237 through 715, inclusive, and VOLUME III, Pages unnumbered but containing Lynch Interests Exhibits Nos. 1-A to 22-A, 25-A, 26-A, 27-A and 28; St. Joe Paper Company Exhibits A to Z and AA to DD, Deposit Committee Exhibits Nos. 1 to 8, and Atlantic Coast Line Railroad Company Exhibits Nos. 1 to 10 and A, contain a true copy of all such papers and proceedings in the cause of Florida East Coast Railway Company, Debtor, Atlantic Coast Line Railroad Company, Appellant, vs. St. Joe Paper Company, et al., Appellees, as appear upon the records and files of my office which have been designated by the agreement of the parties to be printed prior to the transmission of the original transcript of record to the United States Court of Appeals.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Court at Jacksonville, Florida, on this the 30th day of June, A. D. 1952.

(SEAL) (Signed) EDWIN R. WILLIAMS

EDWIN R. WILLIAMS, CLERK
U. S. DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA.

BLURRED COPY

CLERK'S CERTIFICATE,
UNITED STATES OF AMERICA,
UNITED STATES COURT OF APPEALS, FIFTH CIRCUIT.

I, Oakley F. Dodd, Clerk of the United States Court of Appeals for the Fifth Circuit, do hereby certify that the pages numbered from 716 to 734 next preceding this certificate contain full, true and complete copies of all the pleadings, record entries and proceedings, including the opinion of the United States Court of Appeals for the Fifth Circuit, in a certain cause in said Court, numbered 14163, wherein In the Matter of FLORIDA EAST COAST RAILWAY COMPANY, Debtor - ATLANTIC COAST LINE RAILROAD COMPANY is appellant, and ST. JOE PAPER COMPANY, ET AL., are appellees, as full, true and complete as the originals of the same now remain in my office.

I further certify that the pages of the printed record, Volumes I. and II., numbered from 1 to 715, and Volume III., Pages unnumbered but containing Lynch Interests Exhibits Nos. 1-A to 22-A, 25-A, 26-A, 27-A and 28; St. Joe Paper Company Exhibits A to Z and AA to DD, Deposit Committee Exhibits Nos. 1 to 8, and Atlantic Coast Line Railroad Company Exhibits Nos. 1 to 10 and A, are identical with the printed record upon which said cause was heard and decided in the said Court of Appeals.

In testimony whereof, I hereunto subscribe my name and affix the seal of the said United States Court of Appeals, at my office in the City of New Orleans, Louisiana, in the Fifth Circuit, this 19th day of February, A. D. 1953.

Oakley F. Dodd

Clerk of the United States Court
of Appeals, Fifth Circuit.